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The Shape of Things

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THE RESTRICTIONS IN THE PITTMAN BILL against carrying on trade with belligerents in American ships seem unduly harsh if their only purpose is to prevent disputes such as led us into the last war. As it stands, the bill would, according to Senator Pittman, "absolutely prevent our citizens from carrying on commerce with the belligerents." It would bar American ships not only from the actual war zones but from taking supplies to British and French possessions in this hemisphere, Asia, or Africa. According to some authorities, it would even prevent American ships from visiting ports in the British and French empires for the purpose of obtaining raw materials for use in this country. Such action would deal a deathblow to American shipping, and might, if a shipping shortage arose as a result of submarine warfare, bring about a dearth of imported raw materials. If such restrictions were necessary to keep America out of war, we should urge their adoption regardless of the effect on business. But it would be ridiculous to assert that trade with Bermuda, Singapore, or Cape Town would be likely to create an incident involving the United States in a major diplomatic dispute. It would seem wise to limit the restrictions on American shipping to the war zones, including neutral ports in obvious danger spots, and to make specific provisions covering trade with overseas possessions and dominions. After all, our object is the security of the United States, not the throttling of trade.

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THERE ARE INDICATIONS THAT THE 300-MILE safety zone which the Pan-American Conference established around the Western Hemisphere may prove an embarrassment rather than an aid to the efforts of the United States to remain out of war. The British press has suggested that the establishment of the zone is a violation of international law, and has warned that Britain cannot be expected to respect the zone in the event that British shipping is attacked within its limits. Admiral Land, chairman of the Maritime Commission, has intimated that the United States is not in a position to take responsibility for patrolling the entire zone. This leaves us in an anomalous position. Presumably we claim the right

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to seize or sink any belligerent ship entering the safety zone, but we refuse to accept responsibility for preventing submarines or raiders from establishing bases in American waters. The recent torpedoing of a British ship by a German raider and the sinking of a German submarine while being refueled by a Dominican cutter show that the danger is far from a hypothetical one. A clear statement at this time of American policy with regard to the safety zone might eliminate the danger of a serious dispute in the future.

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JAPANESE ARMIES SUFFERED THEIR MOST severe setback in the twenty-seven months of war in China when the widely heralded drive on Changsha was repulsed. The attack was the most extensive military operation launched by Japan since the capture of Hankow nearly a year ago. According to some estimates nearly 500,000 well-equipped troops participated in it. Changsha, though partially burned by the Chinese last year, is, next to Hankow, the most important city of central China. Capital of the rich province of Hunan, it is a busy river port as well as the junction of two important railroads. Chinese reports indicate that the Japanese have been thrown back twenty to thirty miles with losses of 10,000 in a week's fighting. Meanwhile, aerial warfare has been resumed with accustomed frightfulness. Chungking was bombed on five consecutive days, and attacks have been reported on Kunming and other cities in China's Far West. The Chinese struck back with a successful air raid on a Japanese air base, one of the first in months.

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A COMMODITY BOOM WHICH STARTED ON the outbreak of war has lost much of its steam, and in certain cases prices have come back sharply—sugar being an outstanding example. Consumers need to be on the watch to make sure that retail prices, which were rapidly adjusted to rising wholesale quotations, are equally responsive to market setbacks. Prices of textile goods particularly bear close attention. Raw wool has jumped about 60 per cent since the beginning of September, and in this case the shortage does seem genuine, for the British government has cornered supplies. Under these circumstances a rise in the cost of suits and carpets is probably unavoidable. The mark-ups reported in cotton sheets and clothing appear less excusable. Fabric prices have increased to a greater extent than the rise in raw cotton justifies, thanks to the huge orders that have poured into the mills. But a good deal of this buying appears to be for speculative inventory orders, and if a corresponding consumer demand fails to materialize, prices are likely to slump. Shoppers able to defer purchases of cotton goods will therefore probably benefit by waiting. In this connection we welcome the appointment by the National Consumers' Federation of a special committee to study the effect of war on prices and plan resistance to unwarranted increases. Such a committee should be able to do useful work both by way of publicity and in acting as a stimulant to the several government agencies concerned in this problem.

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FEDERAL RESERVE BOARD ESTIMATES SHOW the rise in business activity during September to have been the sharpest in recent years. The board's index of industrial activity for the month was 110, an advance of 8 points from August and 16 points from the year's low in April and May. By the end of September, according to the board, "a still higher level" prevailed. Although the war brought an increase of orders in practically every line of business, the sharpness of the rise was largely due to the dramatic increase in steel production. At the beginning of October the steel industry was operating at 87½ per cent of capacity, or only 1.17 per cent below the 1937 peak. This contrasted with operations of only 58.6 per cent of capacity in the first week of September. Much of the new steel business is attributed to haste on the part of steel users to get their orders in before a substantial war business develops at inevitably higher prices. But the automobile industry is enjoying almost equal prosperity without the benefit of a direct war stimulus. Output in Canadian and American plants is expected to exceed 100,000 cars a week before the end of October, a point which has not been reached since 1937 except for two weeks in December, 1938. Other consumers-goods industries progressed more moderately. Although some advance in business seemed to be in the cards regardless of the war, the larger part of the improvement is undoubtedly of a mushroom character. It is significant that each new Hitler "peace scare," like his former war scares, is followed by a sharp break on Wall Street. The United States has already given hostages for the continuation of the war.

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ONLY A SMALL PART OF THE SAAR BASIN has actually been occupied by the French army, but a very large part, including Saarbrücken, its chief center, is commanded by French guns. Practically all the civilian population of this district has been evacuated, and its great industrial plants are at a standstill. As a result Germany is deprived of an important fraction of its coal, iron, and steel production, for which the capture of Polish Silesia does not entirely compensate. In 1930, when the Saar was still under French administration, its coal output was about 13,000,000 metric tons, or 1 per cent of Germany's whole output last year. It is probable, however, that the contribution of the Saar mines has increased since they were returned to the Reich. Poland's coal production in 1938 was 38,000,000 tons, and the

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German conquerors claim that they can improve on this figure. That seems questionable, considering that they will have to rely on unwilling Polish labor, and in any case it will be some time before the disorganization wrought by the war can be remedied. With respect to iron and steel, Poland provides no substitute for the shutdown in the Saar valley. On the basis of the 1930 figures, which undoubtedly understate the position, this district accounts for roughly 12 per cent of German pig iron and 10 per cent of German steel. Poland's output of these essential materials, of which the Reich was experiencing a severe shortage even before the war, is quite incapable of making up for such a loss. It appears, therefore, that French operations on the western front, quite apart from their military value, are making an important contribution to the economic pressure on Germany which is the Allies' strongest weapon.

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NO FRENCH GOVERNMENT WAGING A WAR can permit defeatist propaganda to be carried on behind the front lines, even if disguised as a desire for "peace." But when Daladier distinguishes between "Munichеers" under the influence of Russia and "Munichеers" under the influence of Germany he creates suspicion. The purge of Communist-dominated municipal councils throughout the country and the investigation into the peace appeal of the forty-three Communist deputies are not difficult to justify. But the question is why no similar action has been taken by the government against Flandin's undemocratic "Democratic Alliance" group, which has been notoriously pro-Hitler and is now conducting a "peace" campaign throughout France. Can it be that the French government is more anxious to smash the Communist Party as such than to prevent propaganda hostile to French interests and dictated by foreign powers?

*

THE YANKEE CONQUEST OF THE REDS TOOK place on the banks of the Rhine; and probably no World Series in history was ever surrounded by so much political innuendo as this one. Hearst editorial writers interpreted the rout of the Reds as an example for every American community; sports writers sent their dispatches in the form of battle communiqués; front-page make-up men were constantly torn between World Series news and serious world news. But we certainly don't believe, as some (Cincinnati) Red apologists have hinted, that Wally Berger's bat was stunned into silence by the Russo-German pact, or that Schnozzola Lombardi had trouble lifting his bat because his thoughts were on lifting the embargo. The Red débâcle was foreseen in these pages a good deal earlier than the past summer. On September 17, 1938, *The Nation* warned that Yankee supremacy wasn't a passing phase, that it stemmed from a virtual monopoly over minor-league talent, and that if it continued unchecked it would have disastrous consequences for the baseball world.

Communists and Democracy

BY FREDA KIRCHWEY

WAY back in the days when Communists were fellow-travelers of liberals and other anti-fascists, people used to debate the question of their "sincerity." Did the Communists believe in democracy? Did they genuinely support the New Deal? The tendency among many non-Communists of the left was to give them the benefit of the doubt and accept their support and their labor in the various causes on which all could agree. They might be heading for some Stalinist Mecca beyond the democratic horizon, they might be cantankerous and rather unreliable companions, but they were accepted as pilgrims on the same dusty road, beset by the same dangers and opposed by the same foes.

Then came the pact between Stalin and Hitler, and the Communists, with a very few important exceptions, took the next turn to the right. Immediately they were put down as liars and traitors by those whom they had deserted. And their extraordinary behavior ever since has encouraged the growth of bitter feeling. If they had set out to prove themselves scoundrels they could not have worked to better effect.

I don't want to argue the cause of Communist integrity. I believe they are sincere according to their lights, but so are Jesuits and Macedonian nationalists. Their mistake lies in trying to explain what can only be accepted on faith. By blurting out their daily contradictions they have turned themselves into liars and their creed into a shambles of self-annihilating nonsense. Men of faith always lose when they attempt to justify their dogma.

Largely as a consequence of its ideological contortions the Communist Party today faces withering cross-fire from right and left and center. The Dies committee has redoubled its attack, the American Labor Party has adopted a fiery resolution condemning it, the trade unions are preparing for a general purge. The recent action of the American Labor Party is typical of the prevailing mood. Communists, along with members of other political organizations, have been excluded from the party, but many of its members are charged with Communist sympathies and some are suspected of actual affiliation. Such persons have been tolerated in the party and a few given high office. Michael Quill is one of these. Although by his own definite statement he is not a Communist, he has worked closely with the party, and his opinions have paralleled the "party line." But he is likable, able, and the vigorous leader of an important C. I. O. union—the

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Transport Workers. The other day the Labor Party adopted a resolution condemning the Communists as "betrayers of the labor movement, antagonists of democracy, and protagonists of dictatorship." It also demanded that Mr. Quill—who was on his way to the C. I. O. convention in San Francisco—express his support of the resolution or forfeit his membership in the party and his nomination for reelection to the New York City Council. Quill retorted by telegram with a vigorous denunciation of the resolution as a witch-hunt and a piece of warmongering. And so the situation stands as we go to press.

This is all natural enough, but it is disturbing as well. The anti-Communist wave that is sweeping in from the left is meeting and merging with the tide of intolerance that has been rising on the right. The atmosphere of the country today is uncomfortably like that of 1917 and the years immediately following the war. In the last session of Congress a poisonous crop of anti-alien and anti-radical legislation sprouted and then, for the most part, died in committee. Washington correspondents say that next January those bills are likely to go through in a rush. The Dies committee has been piling up testimony in its customary lavish, undiscriminating way showing the nefarious activities of Communists, Bundists, and indigenous fascists. Mr. Dies has promised a new batch of repressive legislation based on this material. He has also issued accusations against the Administration charging it with sheltering thousands of Communists in the federal agencies and departments, and he announces that they will be sacked in wholesale lots.

Now is the time for all good men to come to the aid of democracy. We have not gone to war, and no excuse exists for war-time hysteria. Neither Communists nor even Bundists are enemy agents. They are members of organized groups whose purposes and sympathies run sharply counter to those of most Americans. They deserve to be watched but not to be persecuted. They must be prevented from breaking existing laws and from endangering our national defense. New legislation may be needed to control the activities of all partisan bodies. For example, laws should be adopted without further delay to prohibit private military organizations and the wearing of uniforms. And a way should be found legally to prevent the slander of racial or religious groups or individual members of such groups. I favor, too, some law which would force newspapers and organizations that carry on propaganda through the mails to publish or regularly file with some government agency their sources of income. Morris L. Ernst, who has been developing the idea of such legislation for a long time, would also require the reporting of by-laws, budgets, lists of officers, and financial statements of such organizations. That dangers lurk in this proposal is evident, and the law would obviously be hard to enforce. But it would have the great merit of exposing to the light many unsavory relationships—financial and otherwise—that are now hidden in the privacy of office files or produced only through the capricious activities of a Dies committee. A measure of this sort, enacted promptly, might prove the best means of staving off a new flood of alien-and-sedition acts.

For the real danger is that general detestation of Communists and Bundists will lead to acts of outright repression supported not only by reactionaries but by disgusted liberals. The anti-Communist drive in the American Labor Party echoes too closely for comfort the noisy denunciations of Martin Dies. There is no reason on earth why the Labor Party should not express its disapproval of Stalin or its contempt for the behavior of the Communists in America. There is no reason why it should harbor Communists in its membership. But when the secretary of the party closed the debate on the resolution the other day by saying that those who voted against it would no longer be considered members of the party he was demanding something very close to a Nazi *Ja.* The resolution happened to be a complicated one, combining an attack on Stalin and the Communists with support of the Administration's foreign policy. Difference of opinion on an omnibus measure of this sort was inevitable. But even if the resolution had been limited to the issue of communism, the party members should have been allowed to disagree. That's what a vote is for—in America.

In the trade unions the issue is more complicated. Michael Quill might legitimately be expelled from the Labor Party if he failed to support its basic political program. But should he be ousted from the Transport Workers if he were proved to be a Communist or a Communist sympathizer? A union is not a political organism; it is a guild of workers in a given trade or industry. It seems to me that men and women should be eligible for membership or office without regard to their political beliefs, as long as they support the legitimate aims of the union and behave as law-abiding members. I know that this will sound like a counsel of innocence to persons who have run head-on into Communist tactics in the unions. But the problem still seems to me to be the old one of making democracy work. An aggressive, tough-minded majority ought to be able to run a union according to its desires. Communists are not supermen; they are only a little more diligent, energetic, and unscrupulous than the run of the mill—or mine.

As for our friend Martin Dies, his notions of proper public procedure sound as if they had come straight out of the tool-kit of Adolf Hitler. The United States is not a dictatorship. It is a strong democratic union secure in the loyalty of the vast majority of its citizens. Democracy was not invented as a luxury to be indulged in only in

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periods of calm and stability. It is a pliable, tough-fibered technique especially useful when times are hard. Only a weak and distrustful American could today advocate measures of repression and coercion, or encourage a mood of panic. Now is the time to demonstrate the resilience of our institutions. Now is the time to deal with dissent calmly and with full respect for its rights. Only in this way can America win its own war against tyranny and intolerance.

Blackmailer's Peace

"BLESSED are the peacemakers" is the statement of an ideal, not the description of a fact. We hope Mr. Roosevelt will think twice before consenting to play the role of mediator in Europe. The President, in his first inaugural, said he wanted the United States to be a good neighbor to the world. But the good neighbor is often helpful by minding his own business. Mr. Roosevelt, for all his good intentions, has not always remembered this in the past. His readiness to cooperate in "non-intervention" helped bring fascism to power in Spain. Eden resigned in protest against Chamberlain's negotiations with Mussolini; Mr. Roosevelt came to the Prime Minister's rescue two months later by formally approving the resultant Italo-British pact. The President's appeals for peace before Munich only aided Chamberlain in disarming and surrendering the Czechs. There are lessons to be learned from these past experiences. It is no doubt flattering to the President that the Führer now looks to him for mediation, for Hitler snubbed three of Mr. Roosevelt's five appeals to him in the twelve months before the attack on Poland. It is now the dictator's turn to appeal. We think it is also his turn to be snubbed. For it should be clear to Mr. Roosevelt that he cannot restore Poland or Czechoslovakia and that he can succeed only in giving Hitler the breathing space he wants before his next offensive.

It is hard to believe that many will be taken in by Hitler's peace offer. The assurance of no further territorial demands on Europe is the familiar one, repeated after each of the Führer's aggressions. "Mein Kampf" may be a shrewd textbook in the art of plain and fancy lying, but prevarication, too, has its law of diminishing returns. The French, in particular, will not be taken in by Hitler's pledges on Alsace-Lorraine; the activity of Nazi agents in those provinces is too well known. *Pravda* may echo his claim that war with Poland was forced upon him by "the intransigent and provocative action of a certain state," but who else will pretend to believe him? The Führer, in his Reichstag address, advocated disarmament and heaped scorn on the munitions makers. We are almost tempted to suspect him of a sense of humor. For his peace offer is little more than a willingness to accept the surrender of Britain and France. He asks the return of Germany's colonies and acquiescence in Russo-German domination of Eastern Europe. He would pay with the same old promises. Significant here was the omission of any reference to Italy, which has its own aspirations in Southeastern Europe. Mussolini seems a forlorn figure, ready to sell out to the lowest bidder.

Hitler may want peace, for a while, on his own terms. War in the west would destroy the well-advertised myth that the Führer can attain his objectives without serious conflict. It would also run counter to his basic maxim—take 'em on one at a time. But he either underestimates the morale of the West or feels so confident of Russian aid that he does not think it necessary to make a plausible offer. Only Lewis Carroll could do justice to Hitler's faith in Stalin, but *Izvestia's* editorial supporting the Führer's peace offensive indicates that this confidence is far from baseless. *Izvestia* discovers that it would be criminal folly to fight to crush Hitlerism. Two months ago Hitlerism was a menace to world civilization. Now *Izvestia* says, "One may respect or hate Hitlerism, just as any other system of political views. This is a matter of taste." Thus Marx is wedded to Savarin. A regime that is merciless to the slightest ideological deviation in its own territory compares war against Hitlerism "to the dark medieval epoch of . . . religious wars for the extermination of heretics." When the Russian government begins to feed its people pap of this kind, the expectation that Moscow will stab Hitler in the back begins to seem wishful thinking.

But if Hitler is leaning on Bolshevik friendship in the east, fear of Bolshevism remains an influence for peace on his terms in the west. The rulers of Britain and France look apprehensively down the corridors of the future and see only an infinite series of dilemmas. Hitler's peace means further blackmail and the end of their empires. To continue the war may make Stalin master of the Eastern Hemisphere. Moscow is the new Canossa, and the line of the penitents grows longer; Hungary is the latest suppliant. But would Moscow be asking for peace if it did not have an agreement with Berlin for further aggrandizement even if the war ends? If Britain and France wage war to the death against Hitler, they may exhaust themselves and see the end of capitalism. If there is peace, demobilization, and arms limitation, the method by which Hitler ended German unemployment is ruled out, and the revolutionary specter rises anew in that sector. A huge loan would be necessary to permit the Nazi regime to adjust itself to peace conditions, but a loan would subsidize England's foremost European commercial competitor. No loan of the requisite size is possible without the cooperation of the American money market. Who here will buy German bonds or agree to government loans for Hitler? The way to safety

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amid these dilemmas for British capitalism is tortuous and runs along a precipice. Chamberlain would like to starve Hitler out if he could and make a deal with German big business and Junkerdom. That might end the war but not the imperialist conflict between an emergent Germany and an arrived England—a conflict which has plagued the world since Bismarck. Nor would it end the contradictions strangling European capitalism as the tide runs more strongly than ever toward an internationalist and socialist solution of the problems of a Balkanized Continent.

Must There Be Another Versailles?

THERE can hardly be any doubt that the Allies' reply to Hitler's "peace" speech will be an emphatic no. His terms provide not a basis of negotiation but merely a basis of capitulation. Their acceptance would leave him master of Middle Europe and free to impose on that region the political, social, and economic doctrines of National Socialism. Peace would automatically reduce the leverage the Soviets can now exert on Germany, although Russia's greatly strengthened strategic position would probably bar any Nazi move eastward. But that would only increase the pressure toward the west. The weak neutral states to the north and west of Germany would be magnetically drawn within its orbit, and Britain and France, having relaxed their huge effort to oppose aggression, would have nothing but Hitler's word to guarantee them against direct threats to their independence.

Yet merely to refuse this invitation to suicide is not enough. It ought to be answered by a clear statement of what the Allies are fighting for. That is something for which the world is waiting, and it is not a question which can be put aside until later in the war when vision may be blurred by the bitterness of the contest. Moreover, the possession of a positive plan to restore peace and prosperity to Europe is an essential weapon which the Allied governments will neglect at their peril. They need it to strengthen the morale of their own people; they need it to retain the sympathies of the domestic neutrals; above all, they need it for their propaganda inside Germany, for they must convince the Germans that they aim to liberate, not to enslave.

This problem is engaging many of the best minds in England and France, but so far official statements of war aims have been confined to a pronouncement that "Hitlerism must go." We fully agree that there can be no security for Europe until that prerequisite is obtained. But if Hitlerism is to go, what is to take its place? There have been ominous hints from both London and Paris of willingness to do a deal with the German Junkers, industrialists, and army chiefs provided they will overthrow the Führer. But if such a reactionary revolution succeeded, what contribution could it make toward curing Europe's chronic ills?

The fact must not be overlooked that Hitler has a perverted plan of his own for establishing the peace and prosperity of Europe. He clearly envisaged in his latest speech a *pax Germanica* and an economic unification of Europe which would permit the abolition of tariff barriers simply by subjecting all commerce and industry to the fiat of Berlin. Such a Europe might provide a modicum of security, but it would be at the expense of all freedom and would require a super-Gestapo to give it cohesion. Nor could it bring peace to the world, for just as a Nazi Germany finds a safety valve in foreign adventure, so too would a Nazi continent press outward, seeking what it might devour.

Fantastically horrible as the Hitlerian vision of a new Europe may be, it at least recognizes that rugged nationalism is obsolete. The great sin of the Paris peacemakers in 1919 was not their vengefulness—there have been far more Carthaginian treaties—nor even the astronomical absurdities of reparations; it was rather their failure to see that, by adding to the patchwork craziness of the map in the name of self-determination, they were dooming Europe to economic impotence. Tightly corralled behind their tariff walls, the peoples enjoyed the sovereign right to sustain themselves from their own overgrazed pastures. Modern techniques of communication and industrial organization, lacking the space they need to realize their full possibilities, were frustrated.

Whatever the outcome of the war, a restoration of this status quo ought to be impossible. The Allies must therefore oppose to Hitler's dream of a Europe united under a dictator a positive plan for a union of free peoples. This means that they must make known their willingness to lead the way in surrendering their sovereign powers in the realms of economics and of defense and their exclusive colonial rights. In cultural matters the various nationalities can be self-governing; but while there are separate national armies there can be no peace, and without economic planning on a continental scale there can be no prosperity. Above all, a constitution for a United States of Europe must be democratic and provide ample guaranties for personal liberty. The people have had their bellyful of dictatorships and concentration camps.

The acceptance of such peace aims as these will not come easily to the rulers of Britain and France, but they must know that it is insufficient to offer to Europe nothing but the abolition of Hitlerism and a return to the past. Unless they have something more constructive to offer, the chances are that their defeat of the brown dictatorship will simply restore the conditions that created it.

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Shadowboxing in Washington

BY KENNETH G. CRAWFORD

Washington, October 9

THE baffling, actionless war in Europe is no stranger than the listless, temporizing fight in Congress over the neutrality bill. The Senate debate, even though newspapers still insist that it is historic and the participants talk bravely about a hell-to-breakfast struggle, hasn't been exciting enough to assure the presence of a quorum. At one time last Friday there were seven Senators on the floor—six of them awake. It was decided to adjourn over the week-end rather than run the risk that the sergeant-at-arms couldn't find enough members in the Capitol to hold a Saturday session. By that time Administration spokesmen—with what seemed to be good reason for assurance—were predicting a quick end to the debate and claiming sixty-five votes for their bill.

The outcome from the start was almost as certain as the outcome of the World Series, which, incidentally, diverted much Senatorial attention from the business of making history.

An extraordinary lack of frankness on both sides was probably the principal reason for the reluctance of Senators to listen to one another. Like the President in his message opening the session, most of the debaters seemed to feel that it would be indelicate to argue the point at issue. Neither Roosevelt nor any of his followers has said in so many words: "We want to pass this bill lifting the embargo on arms and ammunition because it will help Great Britain and France to lick Germany, and Germany must be licked if America is to remain secure." Similarly, oppositionists have avoided saying: "We concede that the embargo isn't very important in itself, but to lift it would be to give the President, an Anglophile who can't be trusted where foreign relations are concerned, an opening through which eventually he would drag the United States into war."

These are the real arguments, and one hears them repeatedly in private conversation. But the Senate has been seized with an attack of diplomacy. The President's allies talk about legalistic neutrality and international law. The isolationists talk about the first step toward war and the distastefulness of the arms traffic. Consequently the debate has been an exercise in phony dialectics which has fooled none and interested few. It appeared for a time that the isolationists would be successful in their attempt to whip up a froth over the ninety-day-credit provisions, but the difference between cash and normal commercial accommodation was too thin to whip.

Behind the protective curtain of oratory, however, there has been one serious challenge to the integrity of the Administration bill. Little has been said about it as yet, but it is worth watching. Working quietly and with a minimum of publicity, the enormously powerful shipping lobby has been trying to poke holes in the so-called "carry" provisions of the bill—those which would keep American ships out of danger zones. The operations of the lobby received public attention for the first time when Senator Walter George of Georgia and other conservatives insisted upon a special meeting of Democratic members of the Foreign Relations Committee to give ear to the plaints of shipping interests. Chairman Key Pittman listened to a statement by Admiral Emory S. Land of the Maritime Commission to the effect that it would be a hardship for American ships to keep out of all European ports, but refused to relax the prohibitions now in the bill. The whole question probably will be reviewed on the floor, and the lobby may well be beaten there. The shippers will stand a better chance of getting what they want in the privacy of the House-Senate conference.

Sol Bloom, who as chairman of the Foreign Affairs Committee will be the leader of the House conference, is a staunch friend of the steamship operators. The Bloom bill passed by the House at the last session placed no mandatory restrictions on the movements of American ships. An examination of the House debates reveals, moreover, that Bloom carefully sidestepped every question about the reason for this omission. In conference the Bloom bill will have the same status as the Senate measure. What finally becomes law will be a compromise between the two.

Even the Senate bill, tight as its cash-and-carry provisions appear to be, leaves a loophole for continuation of American shipping in the North Atlantic. Unlike the present neutrality law, it does not forbid transshipment of arms and ammunition bought in this country by neutrals. Pittman, in his speech opening the Senate debate, explained that the transshipment provision was deliberately dropped because it would be dangerous to enforce. The fact remains that under the Senate bill American ships would be forbidden to deliver supplies to belligerent ports but not to neutral ports. Thus cargoes could be carried to Sweden, Russsia, or Italy for transshipment to Germany or Great Britain; could be, that is, unless the President placed these neutrals within his "combat zone" from which American ships would be

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excluded. But the Presidential authority to mark out combat zones is purely discretionary.

So the provisions supposed to protect American ships and lives from danger are not so air-tight as they have been represented. Yet if World War experience means anything, they are more important as insulation than the arms embargo. Unless the carry section is nailed down tighter than it is, American ships may continue to be exposed to raiders, especially if the British navy seems to be making headway in its campaign to eliminate the submarine menace. The isolationist bloc should take on the shipping lobby if it wants a real hell-to-breakfast fight.

With its victory on the embargo issue as good as assured, the Administration is proceeding with the formulation of long-range war plans. They call for giving as much material assistance to the Allies as possible. No one in the Administration, so far as I know, believes any longer that this country will become directly involved in the hostilities. The earlier fatalism has disappeared. What the experts expect is a war of attrition in which the Allies, helped by American supplies, will starve Germany into submission. They are of the opinion that Great Britain and France, merely by sitting tight behind the Maginot line and clamping down an effective blockade at sea, can win the war—perhaps sooner than now seems possible. The importance of the Soviet Union as a source of supply for Germany is very largely discounted.

So far as domestic policy is concerned, what the Administration seems to be figuring on is, first, a boom set off by British and French purchases and, second, a big-time rearmament program to cushion the effects of a sudden termination of the European war. The President probably will ask for heavy defense appropriations at the start of the regular session in January. Hitler's current peace overtures are not expected to succeed. Washington is figuring on at least a year of war but not on the World War variety of slaughter. It will be a strange war in which the front lines are safer than cities and in which American man-power will not be needed—only American supplies.

Germany's Fifth Column

BY EMIL LENGYEL

GERMANY is carrying on war on two battlefronts: "Westwall" and "Centerwall." The press reports the operations on the former, while the activities of the latter are reported only orally. The "Centerwall," *Kriegsschauplatz Innendeutschland,* is the domestic battle line. Operations on a large scale were being conducted on this front when I left Germany shortly after the outbreak of the war.

The domestic enemy consists of divergent elements ranging from the Socialists all the way over to a certain section of the Nazis. Many Nazis had followed Hitler in the honest conviction that he was carrying on a crusade against Bolshevism. They compared themselves to the Teutonic Order, which carried on war against Oriental paganism and anarchy in the Middle Ages. They saw themselves as the missionaries of an Occidental creed. The creation of the Berlin-Moscow axis shattered their illusions about the Third Reich's historic mission. In their bitterness they greeted one another with "Heil Stalin." The blow was hardest for members of the former Condor Legion, which had distinguished itself in the Spanish civil war. A fortnight before the conclusion of the Berlin-Moscow pact Hitler had devised the Spanish Cross, "as the expression of his deep-felt recognition and gratitude," in the words of the official *Reichsgesetzblatt,* "for the accomplishments of the German volunteers in crushing Bolshevism in the Spanish War of Independence."

Then there were those Nazis who followed Hitler because of his past successes in gaining his ends without war. They were mostly veterans of the World War who had seen too much of trench life to like it. To them Hitler was an apostle of peace. Many of them could not restrain themselves after the war broke out. Their dissatisfaction was at first inarticulate, lacking focus. Most of them were members of the brown-uniformed S. A., and some of them occupied high positions in the élite guard of the S. S. They were taken in hand by organizers of the "R. R.," Röhm Revengers, followers of Captain Röhm, who had been killed in the Nazi blood purge of June 30, 1934.

At the beginning of September brown uniforms began to thin out in the streets of Germany. It was officially said that members of the S. A. had been called for military service. But rumors were widespread that large numbers of S. A. and S. S. men had been liquidated. A few members of the S. A. and S. S. escaped to Switzerland, where they were interned. Almost invariably they refused to talk. A story told by two of them bearing on the purge got into the Swiss press, however, and into German émigré papers in Paris. A liberal German newspaper, *Neue Volkszeitung,* of New York, also recorded the new blood

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purge in the Nazi ranks. In Berlin the name of Dr. Joseph Goebbels, Minister of Propaganda, was mentioned again as a victim, as it had been at the time of the Röhm purge. For weeks, at a time when his activities might logically be expected to reach new heights, the German Propaganda Minister remained strangely quiet, and it was only after the world press made much of his silence that his voice was heard again.

In the army, too, trouble developed. Anyone who kept his eyes open in Germany this summer could not fail to see that the army was less Nazi than before. The officers returned an ostentatious "Guten Morgen" to the Nazis' provocative "Heil Hitler." As on previous occasions, they were opposed to war, probably realizing Germany's inferiority in arms and supplies. But Hitler had been right so many times before that this time the army went along—up to a certain point. This point was reached after the declaration of war. The generals had their own plans, drafted long ago. It was the von Schlieffen Plan No. 2. They counted on immediate large-scale hostilities along the Westwall, considering the French and English as the greater danger. Only a fraction of the Reich's armed forces would have been thrown to the eastern front if they had had their way. An extended war against Poland was in the cards, with the west as the principal battleground.

Hitler had other ideas. Instead of remaining a figurehead as his generals fondly hoped he would, he assumed actual command of the fighting forces. Marshal von Brauchitsch, who is an opportunist, went along with him, but General von Keitel, the army's No. 2 man, fell under a shadow because of his lack of ardor for this plan. Hitler seriously reduced army protection of the Westwall, throwing his strength eastward. The generals knew he was playing with fire. If the English and French had launched an offensive, they would have found the Westwall insufficiently manned. The dismay of the army people was so explosive that it was everyone's secret. Berlin was rife with underground rumor that the armed forces held the time opportune to take matters in hand. The man they had selected was Colonel General Werner von Fritsch. He was almost openly opposed to the Nazis, and he had a large following among the higher officers. "The army to the army," was their motto. General von Fritsch met his death on the Warsaw front, while he was engaged in reconnaissance of a nature usually intrusted to lance corporals. As on previous occasions, Hitler was justified by events, but this did not lessen the resentment of the militarists.

The army had the backing of influential industrialists, including Fritz Thyssen, one-time head of the German United Steel Works. Years ago he financed Hitler's movement, along with Emil Kirdorf, the coal magnate, and other Rhenish-Westphalian industrialists. Hitler had given him a high position in Germany's industrial cabinet. When the Führer introduced war-time regimentation in industry, Thyssen could not see eye to eye with him. He left for South America, shadowed, it was said, by two Gestapo agents. He was not heard of until recently, when he returned to Europe, not to offer his services to the Chancellor, but to engage in conversations with French and English industrialists.

The signing of the Berlin-Moscow pact did not win over the Communists, who, at least in the early stages of the affair, were convinced that this was part of Russia's peace offensive. They did not fraternize with the Nazis, but continued underground their war of leaflets. I saw one that read: "Why has Hitler gone to Moscow, hat in hand? Because he knows about the strength of our organization and wants to disarm us. But we are not going to be fooled. The fight goes on!" The Communists found unexpected strength in the offer of left-wing Catholics to cooperate with them. The Catholics are more bitter than the world imagines, especially since the *Anschluss*. Their strength in the Greater Reich, including the Protectorate, is about 36,000,000. Many of them do not seem to be content with the cautious policy of the Vatican.

Dr. Joseph Goebbels

The Socialists, while claiming no closely knit organization such as the Communists have, recently launched an offensive, appealing particularly to the small bourgeoisie. They found some understanding among disappointed ex-Nazis, who do not dare to go Communist and yet would like to take part in an anti-Nazi movement. In the early days of the war they were preparing the ground for large-scale desertion and sabotage at the first sign of the weakening of the German front. Heeding Lenin's advice that defeat in the field should be the signal of revolution, they are standing by their guns.

In all Germany I found no one who wanted this war. Everyone to whom I spoke admitted openly or tacitly that the country was weak economically. "How can one start a war on short rations?" was the refrain. As the food lines lengthened, the gloom deepened. Discontent became so explosive that caution was thrown to the winds. War-time enthusiasm was totally lacking, and none but the extras hired by the Propaganda Ministry's moving-picture companies cheered the soldiers departing for the front. The soldiers themselves gave the impression of doomed men. The compulsory patriotic songs sounded like funeral dirges. Even the girls seemed no longer attracted by uniforms.

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The situation in Austria was even more serious than in the old Reich. The soldiers from the Ostmark were detailed for duty behind the lines. Many of them were sent to the extreme north, to Pomerania, others to the *Wasserkante,* Germany's North Sea shore line, where discontent was particularly rife. The Austrians appeared well fitted for this type of police duty because of their intense dislike of North Germans. On the other hand, a large number of Prussians were sent to the Ostmark.

This time it was not merely Vienna, which has the reputation of being "red," but also the notoriously reactionary Austrian hinterland which displayed unmistakable symptoms of disgust. War against the Poles has never been popular among the Austrians. Vienna was, after all, the spiritual and cultural capital of Poland in exile during the hundred and fifty years of the Polish diaspora. The two nations have always got on well. Danzig and the Corridor have never meant for Austrians what they have meant to Reich Germans. Besides, Austria suffered so much during and after the World War that it does not feel like going into another European conflict.

More bitter than the others are the *alte Kämpfer,* old fighters, who sacrificed their liberty in the long fight for Hitler, against Dollfuss and Schuschnigg. They were members of the Austrian Legion, actually exposing their lives to danger and then, when outlawed, living in exile. They had expected to be rewarded for their much-advertised heroism. They received the Führer's recognition and nothing else. The key positions in the Ostmark were filled with Rhinelanders and Prussians. Hitler has a low opinion of his former countrymen. The city of Graz was a hotbed of Nazism, mostly because of the proximity of the Alpine Montangesellschaft, the largest iron works in the Ostmark. It was in that city that the Nazis staged their most vehement protest against the Schuschnigg regime. A few days later Hitler was in Vienna. Graz is now as repentant as the Gestapo permits it to be.

Even that section of the Catholics which at first indorsed the initiative of Cardinal Archbishop Innitzer in accepting the Nazi rule as an unalterable fact has turned anti-Nazi. The Socialists of Austria are remarkably outspoken in their condemnation of the Hitler regime. They are impotent, however, since their part of the country has become merely an appendage of the Greater Reich. Vienna knows that it is a second-rate provincial town. A deputation of the Viennese called upon the Führer, according to the acid little story current in Austria, beseeching him to use his influence to have the former capital remain a railway station for express trains.

A remarkable change in favor of the Hapsburg dynasty has been brought about by recent events. Everywhere I heard the comment that it was a grave mistake on the part of the Allies and their friends in the Danube Valley to have thwarted Crown Prince Otto's attempt to regain his father's throne. Much of the dissatisfaction with the present regime finds expression in the glorification of the House of Austria. The late Emperor Franz Joseph has become a national hero. The Ostmark is filled with rumors about an attempted coup d'état by Otto, who is said to have gained the Allies' blessing. After the war is over, Vienna repeats hopefully, the Danube Valley will again become a unit, as it was for centuries. And once more it will be ruled by the Hapsburgs, who gave it its Golden Age.

In Austria and elsewhere in Germany sabotage is rampant. The peasants of the Upper Danube region were said to have refused to permit the "Prussians" to fell their trees. In the war industries of Floridsdorf there are said to be as many spies as workers, and even so they are unable to prevent the commission of flagrant acts of sabotage. The public affirms and the Propaganda Ministry denies that large-scale acts of sabotage are committed daily in the steel plants of Essen, the Oppeln works, and Siemens—this in spite of the fact that such acts are summarily disposed of by emergency courts, which have a choice of only two verdicts.

How does the regime try to protect itself against the domestic guerrilla warfare? Members of the Gestapo, commanded by the extremist Heinrich Himmler, are always on the alert. Himmler is also chief of the S. S., which has become the vanguard of the government's army on the domestic front. S. S. men are in touch with the *Blockwarts,* officially designated spies in every block. They are amazingly well informed about the habits, associations, and political views of their charges. "Dangerous thoughts" have become punishable offenses in Germany.

The Allies must have been informed about the state of public opinion in Germany. If they had started an offensive against Germany, self-defense might have prompted the Germans to shoot back and forget the domestic target. The English Intelligence Service and the Second Bureau of the Sureté Générale kept the Allied governments informed of the discontent, which assumed torrential proportions at the end of the summer. It was the Allies' aim to keep this feeling alive. They could best do it by appearing as the liberators of Germany from the Nazi oppression. Warlike acts against Berlin and other densely populated centers were avoided, and the Allies adopted the technique of "war to the last leaflet." In this they were encouraged by the success of what has become known in Germany as the "King Hall campaign." These letters, sent to Germans by the thousand, were probably inspired by the English government. Their success indicated the strength of anti-Hitler feeling in the Reich.

A new situation has been created by the conquest of Poland. The legend of Hitler as the man of peace has vanished, and the hope of millions has been shattered. Even those who admire him can now see the dangers the nation incurs by trusting itself to the judgment of one man.

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Time Is with the Allies

BY FRITZ STERNBERG

IN THE first months of the war, observers agree, Germany had 3,000,000 men under arms, 1,000,000 participating in the Polish campaign and 2,000,000 mobilized on the western front. At first glance this seems a formidable figure. In fact, it is significantly small. It is less than the number of troops called to the German colors in the opening weeks of the last war. Why? And what bearing does the answer have on estimates of the course of the war?

From the Napoleonic wars until 1914 it was a commonplace that the numerical strength of armies was proportionate to the rise in population. From 1914 to 1918 the size of armies reached unprecedented levels. The following table shows the number of men mobilized by the rival powers during the last war and its ratio to the total population:

	Number Mobilized	*Percentage of Population*
Germany	13,250,000	20.4
Austria-Hungary	9,000,000	17.5
France and colonies	8,195,000	20.7
England, with the Dominions and India	9,496,000	21.0
Italy	5,615,000	16.2
United States	3,800,000	4.1

In the course of the war it became clear that the role of the machine was vital; that this, more than any other, was an industrial war. The strength of the industrial plant—not merely the armament industry but all areas of war production—loomed as an increasingly decisive factor. The efforts of the munitions worker were no longer subordinate to those of the soldier. In an illuminating article called The Soldiers and the Workers in Modern War, published recently in *Die Wehrmacht,* Heinrich Hellmer wrote:

> In our time the role of the worker has become a decisive factor in the conduct of war. The reason is that a million fighting men need vastly more material in modern war than ever before. The World War, the first "materials war" in history, offers ample evidence of this. At the start Germany produced 15 artillery pieces a month. By the end of 1914 its production had increased to 100 pieces a month. At the end of 1915 it was 480 pieces. For 1916 an increase to 1,500 pieces and for 1917 an increase to 2,000 pieces was projected. At the start of the war German production of machine-guns was 200 a month. Within one year it was 800. In the spring of 1917 the maximum production per month was 14,400. That was seventy-two times the output at the beginning of the war. In the fall of 1914 powder production was 1,000 tons a month; in February, 1915, 6,000 tons; in the fall of 1916, 8,000 tons; in July, 1917, 10,000 tons. The maximum ultimately reached was 14,000 tons. This extraordinary rise and the vast totals finally reached demonstrate convincingly that in modern war the worker stands beside the soldier as a decisive figure in the conduct of the war. . . .

During the First World War the need for war materials grew steadily more pressing. The number of workers who were not summoned to duty at the front or who were called back from the front to the factory rose correspondingly. Abundant statistics illustrate this phenomenon. Consider the "distribution of human material" in France on January 1, 1918. There were 4,225,000 men under arms. Outside the army there were 534,000 men in industry, 307,000 in agriculture, 352,000 in administration and railway posts, 110,000 in mine and marine work, and 131,000 who had been recalled from the front—a total of 1,434,000. In Great Britain 57 per cent of the male population of military age served in the army; 43 per cent in industry. When the German army entered the war, only one out of every five men available for military service was kept at an industrial post. By the end of the war it was necessary to keep one worker in industry for somewhere between two and three soldiers at the front.

In the ensuing twenty years this change has been accelerated. There is a parallel between the development of a modern army and that of a modern factory. Rationalization has progressed immeasurably—a worker can manipulate increasing amounts of machinery—but more than offsetting this is the fact that each military unit utilizes much more mechanical equipment. Contrast the arms of a modern French infantry unit with those used in 1914:

	1914	*1929*
Cannon	36	144
Mine-throwers	24	130
Tanks	—	20
Airplanes	—	30
Machine-guns*	—	70

If the strength and the number of weapons for every military unit have risen to these dimensions, the importance of armament labor and industrial production is self-evident. And the result is that, for the first time in more than a century, the size of armies is decreasing.

* In the World War machine-gunners were not attached to the infantry.

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To estimate accurately the extent of this change one must avoid two errors. The first is to correlate the number of soldiers with the total working population. What is really vital is the ratio between the number of soldiers and the number of workers who are eligible for military service. Secondly, the number of airplane workers is infinitely greater than the number of fighters in the air force, and conclusions drawn from this ratio should not be carried over to other branches of the service, such as the infantry. The important thing to discover is the proportion between the number of soldiers and the number of workers required to man the war industries who would otherwise be at the front.

Calculations have already been made in Germany. The periodical *Wehrtechnische Monatshefte,* after sifting numerous statistical inquiries, estimates that Germany will need from four to five workers for every soldier it musters. In the last war Germany ultimately had 13,000,000 soldiers. But on the basis of these figures it will not be able to mobilize many more than 6,000,000 men.

The situation facing Germany's vital industry dramatizes these figures. In the *Militär Wochenblatt* for May 19, Dr. Leonhardt, discussing the economic army, analyzed each industry in turn. "In the entire German metal industry," he observed, "about 2,000,000 workers of military age—from twenty to forty-five—are now employed. If half of them should be needed for the war economy, the reserve of human material for the army would be reduced by 1,000,000. And this is only one part, if a particularly important one, of the war economy." In the German coal industry the outlook is even more serious. Coal is indispensable for modern war. But in the past year German coal production was virtually stagnant. So acute has the problem become that the German generals have seriously considered freeing all skilled workers in the coal industry from military service.

If only about half of Germany's workers can be spared for the fighting forces, what ratio prevails in France and England? The combined Anglo-French population is somewhat larger than Germany's. The two countries alone could probably mobilize more than 6,500,000 men to Germany's 6,000,000. But this is not the whole picture. They also command the military and economic reserves of their empires. They rule the oceans, and even if the American embargo on arms is not lifted, they can draw large quantities of raw materials from the United States. For the United States is able to furnish almost every necessity—coal, iron, steel, iron ore, oil, cotton, and foodstuffs—and in vast quantities. In 1913 heavy-industry production in the United States was about equal to the combined production of England, France, and Germany. In 1918 American production far exceeded the figures of 1913, while production in the belligerent nations of Europe had appreciably declined. In the last year of the war, for example, the United States produced twice as much iron and steel as England, France, and Germany combined, and three to four times as much as Germany alone. The production ratios for 1937 are indicated in the following table:

	U. S.	*England*	*France*	*Germany*
		(In million tons)		
Coal	444.25	245.07	44.33	184.51
Iron Ore	73.32	14.87	37.77	8.52
Pig iron	36.61	8.49	7.91	15.95
Raw Steel	49.50	12.96	7.90	19.84

Thus, except for the coal industry, the production of heavy industry in the United States exceeds the combined production of England, Germany, and France. I have chosen the year 1937 as illustrative because severe depression conditions obtained in 1938; in terms of the war situation America's capacity to produce is more important than the temporary production figures of any given year of the past. To visualize fully the colossal impact of American production on the European war, one need only remember that the reduction in American iron-and-steel production from 1937 to 1938 was as great as Germany's entire production. If the United States returns to the level of 1937—and it need not build a single factory to do so—the rise in production will equal Germany's total output. Of course not all of America's potential production will be available for the Allies, but with their financial resources they will be able and willing to outbid other buyers—and price should prove the decisive factor.

Transportation of American products to England and France functioned excellently in the last war despite serious obstacles. Today the prospect is a good deal brighter. The British have already demonstrated that they rule the seas. In the first month of this war they lost less than 1 per cent of their merchant fleet; and the losses have declined from week to week. Simultaneously they have destroyed between one-fifth and one-third of the German U-boat fleet. It is likely, then, that transportation will be achieved without great losses.

Nor will the cash-and-carry provision, if adopted, create any difficulties. At the outbreak of war the British

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had £3,500,000,000 in foreign countries. When one adds to this the English and French gold hoards and French assets in foreign countries, there is a sum of between five and six billion pounds which the Allies can use for cash purchases here. With this vast sum the financial barriers to large-scale importation of steel, coal, ore, and oil are postponed. And these shipments represent more than economic assistance. They mean not only that England and France have better sources of raw materials than Germany; they mean, above all, that England and France can free millions of workers for service at the front. In terms of the long war now envisaged, such American economic aid will directly facilitate enlargement of the French and British armies.

England and France, in the opening moments of this war, were less well prepared economically than Germany. But as the war continues, their superiority in necessary war materials, especially with the addition of American shipments, will become increasingly plain. America's contribution will in turn add to the British and French numerical superiority. Germany started the war at its highest point; the strength of the Allies is constantly mounting. They do not need to undertake heroic offensives. They can afford to wait.

What's Wrong with Accounting?

BY KENNETH MacNEAL

II

FROM one point of view the evolution of modern accounting practices may be divided into three periods. During the first, which began in medieval times and lasted until the early nineteenth century, the function of early accountants was limited, for practical purposes, to "counting the cost" of individual projects. Thus an Italian merchant might own a ship sailing from Venice to India with Venetian goods to be traded for perfumes, spices, and silks. The acquired articles would be brought back to Venice and sold, or the ship might be wrecked and everything on board lost. Each venture was a separate affair, and until its conclusion the chief thing that mattered was its cost to date. By merely recording its cost, the loss or profit from the venture could be determined upon its conclusion, and a new venture embarked upon. The merchant's bookkeeper was employed solely by the merchant and was responsible only to him. Anyone who might desire to know about the business would have to rely upon his own wits or believe what the merchant told him. Few would deny that the use of original cost as a measure of value was ideally adapted to this era.

But during the first half of the nineteenth century accounting entered its second era, and the picture began to change. The charging of interest by Christians was legalized in England in 1839, and the extension of bank credit gradually became more common. The practice arose of requiring the owner to submit a statement of his financial condition so that the banker might be informed before extending credit. To make sure that he received an honest statement, the banker insisted upon its being prepared by an independent accountant not in the employ of the owner. Thus the profession of public accounting was born.

Obviously an accountant could fulfil his obligation to both the owner and his banker by preparing the sort of financial statement the owner desired, provided that there was no overstatement of earnings or of net worth. The banker was interested only in knowing that earnings and net worth were at least as great as represented. Any understatement of earnings and net worth merely meant that he had more security than he thought he had, which of course was to his advantage. On the other hand, the owner was fully conversant with his own business, and if he desired to understate the value of his own property, this could harm no one.

As a matter of fact, business men were quick to see that credit could more easily be obtained were they known to be in the habit of understating their earnings and net worth, exactly as a man is looked up to for being "better than his word." Secret reserves became, and still are, widely approved. Businesses which possessed huge undisclosed assets, and consequently must have made huge undisclosed profits, were looked upon with envy and still are. Successful bankers carried their land and buildings at one dollar, or omitted all mention of them, and many, including the Bank of England, still do.

With this state of public opinion all around him, let us see how an accountant of fifty years ago reasoned as he prepared a balance sheet and profit-and-loss statement. First, he was faced with the problem of valuing fixed assets, such as land, buildings, machinery, or equipment. There was probably no ready market for such property. He did not know what it could be sold for, or if it could be sold at all. He did not know what it could be built or bought for. He only knew what it had originally cost the owner. Therefore he was forced to value it on the basis of its original cost to the owner. And to defend this original cost valuation he was also forced to invent his theory of "going-concern value."

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Despite this theory, however, the accountant could hardly help knowing that in valuing fixed assets at cost he might be overvaluing them from the standpoint of a creditor. If, therefore, the owner wished to write the value of one of these assets down to a figure below what it had cost, the accountant was quick to commend such "conservatism" and to allow the revaluation. If, on the other hand, the owner wished to write the value of the asset up to a figure above its cost, the accountant was far from quick to approve this. If he allowed such a write-up at all, it was only after having received incontestable proof of the increase in value, and after having done everything in his power to dissuade the owner.

When the accountant faced the problem of valuing current assets such as inventories, he was quite naturally on the alert to prevent their overvaluation. If the inventories had no recognized market, he could value them only at their cost. If the market price of the inventories was below their cost, he valued them at market. If, on the other hand, the inventory were wheat bought at $1 per bushel and if the current market price were $2 per bushel, the accountant would, did, and still does proclaim it to be worth only $1 per bushel, and so value it in the balance sheet.

During this era accounting practices were fairly well suited to the conditions then existing. The owner was not deceived because he knew his business intimately. The banker and trade creditors disregarded all balance-sheet values except those for current assets and rested secure in the knowledge that these assets were worth at least as much as represented and perhaps a great deal more. The man who lent the owner money and took a mortgage on the fixed assets disregarded the accountant's valuations altogether and made his own appraisals. The small stockholder or bondholder who might place confidence in the entire balance sheet and profit-and-loss statement did not exist. Each party looked after his own interest in his own way, and the system worked, after a fashion.

But in the early part of the twentieth century a profound change began to take place in the ownership of business, and accounting entered its third, and as yet unrecognized, era. Businesses grew larger, and many of them became corporations. The owner-manager of such a business ceased to exist and his place was taken by a multitude of small stockholders on the one hand and by a hired management on the other. Mortgages on fixed assets were split into bonds and sold in small amounts to people of moderate means. Many mergers and consolidations were made, and corporate security holders grew more and more numerous, until today almost every business of any magnitude is a corporation, literally owned outright by small security holders who know little or nothing about it except information contained in the financial statements sent out by the paid management.

There are now a number of large corporations each of whose stockholders are counted in the hundreds of thousands. It is not unusual for the largest stockholder in a big corporation to own less than 1 per cent of its stock. Frequently the entire management, including the board of directors, owns only an insignificant fraction of a company's securities. It is reliably estimated that in the United States alone there are not less than twenty million corporate security holders. Accountants now have an obligation to three parties—the small security holder, the management, and the creditor; but they still continue to certify financial statements prepared in accordance with practices suited only to conditions existing before the advent of the small security holder.

These financial statements make possible the exploitation of investors on a scale previously undreamed of. Suppose, for example, that a group of financiers decide to make some money through the promotion of a new company. Certain members of the group purchase privately the required fixed assets for, let us say, $1,000,000 in cash. Then others form a corporation which repurchases these assets for $5,000,000 in cash, and a certified balance sheet is issued exhibiting them at their cash cost of $5,000,000. After this the public is invited to buy $5,000,000 in stock at its book value, whereas it may actually be worth less than one-fifth of this amount. How reliable is the book value? Of what use is the accountant except as a sort of accessory in a confidence game?

Consider the fable of the two investment trusts—which need not be a fable. A group of financiers acquire control of two investment trusts called the "A" trust and the "B" trust. On January 1 each of these trusts is directed to make large identical investments in listed securities. During the ensuing year the market prices of these securities increase considerably, and on December 31 the "A" trust is directed to sell its securities and buy others, and thus realize its profit. The "B" trust, however, is instructed not to sell. Certified profit-and-loss statements are then distributed to stockholders and to the public showing that the "A" trust made substantial earnings during the year but that the "B" trust earned nothing at all. After shares in the "A" trust have risen owing to its favorable earnings report, the financiers sell at high prices part of their "A" stock. When shares in the "B" trust have fallen because of selling by disappointed stockholders, the financiers purchase at low prices additional "B" stock.

During the following year the securities market continues to rise, and on December 31 the "B" trust is directed to sell its securities, but the "A" trust is directed not to sell. Certified profit-and-loss statements are then distributed showing that the "A" trust earned nothing

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during the year but that the "B" trust made enormous earnings for the year, consisting in reality of the realized appreciation in its securities for two full years. Shares in the "B" trust double in price, and the financiers sell at high prices the "B" stock that they bought a year ago at low prices. Shares of the "A" trust drop sharply owing to selling by disappointed stockholders, and the financiers buy back at low prices the "A" stock that they sold a year ago at high prices.

This sort of thing may go on year after year, but no one will ever criticize the financiers because every one of their financial statements will have been certified by reputable certified public accountants. Yet it is obvious that each year both of the trusts actually earned the same amount, and that the accountants' refusal to regard unrealized profits as profits merely supplied the financiers with a set of legal loaded dice.

Contemporary financial statements, as now prepared, frequently allow the managers and directors of a company to enrich themselves at the expense of stockholders, and to do so in the most comfortable and legal manner. Countless instances have occurred in which a company's land, its plant, or its security holdings have increased in value to a tremendous extent over many years, while this fact has been concealed from stockholders because the assets have been exhibited in the company's balance sheet only at their historical cost, in accordance with accepted accounting principles. As a result, insiders cognizant of the facts misrepresented upon the balance sheet have been enabled to accumulate the company's stock up to the date when such assets were sold and an enormous dividend declared. This state of affairs constitutes a vicious, although perfectly legal, defrauding of stockholders, and is exactly the sort of thing that certified public accountants are theoretically supposed to prevent. Yet in actual practice they not only make it possible but they justify and defend it with their theory of "going-concern value."

Under modern conditions virtually all major fraud must be predicated upon false and misleading financial statements. No officer of a large corporation could walk away with his company's land, or its buildings, or its inventories. He could not profit by taking its accounts or notes receivable, because he would be unable to collect them. If he tried to pocket its cash or its marketable securities, he would probably be detected immediately, because these items are invariably protected with a complicated system of internal check, and accepted accounting procedure requires their physical inspection at each audit. But with the advent of the uninformed security holder, accepted accounting principles permit new types of exploitation on a scale that makes plain stealing look tame. This exploitation is not crude stealing; it is horse-trading on plush carpets with a background of authentic period furniture; it doesn't give the smartest Indian a chance, nor is it supposed to.

Disclosures following the McKesson and Robbins scandal indicate that Coster's principal purpose was not theft. In fact, it appears that his machinations gave the company itself, as apart from its stockholders, vastly more assets and earnings than it otherwise would have had. Solely in its accounting aspects what Coster appears to have done was to cause his company's books to record fictitious purchases and sales, and to record that the profits from these imaginary transactions were used to buy additional inventories. The accountants auditing the books were instructed not to make a physical count of the inventories, but were supplied with officers' affidavits and with an incredibly complete mass of forged documentary evidence substantiating both the inventories and the transactions that supposedly created them. Because the accountants were not interested primarily in the actual assets but were concerned almost exclusively with book figures and supporting vouchers, they were completely deceived—and so was the investing public.

But Coster, by the simple expedient of inventing fictitious transactions, was able to manipulate the profits of his company in any manner that he wished. He was after more than a man can steal; he wanted the power and the riches that come from being the head of a gigantic corporation. By reporting large profits he knew that he could get unlimited financing through the sale of common stock and establish important lines of credit with famous bankers. Then, after he had built his company, it was obvious that a series of fictitious losses would reduce his books to a truthful basis but still leave him head of a tremendously big corporation.

When caught he was in the first phase of this long-range plan. He had sold stock over a period of years to a multitude of investors and had formed a connection with the great banking house of Goldman, Sachs and Company. The extra profits had been shown by phenomenal trading in crude drugs, but they were retained in the crude-drug inventory—all paper work which was quite satisfactory to the accountants, and to everyone else, for that matter, except the treasurer. That this incredible scheme came within an inch of succeeding is not half so disquieting as the question of how many times it may have been executed in this country by others, *successfully*. Surely as long as accountants concern themselves solely with the books and do not insist upon examining and valuing physical assets, *there will be nothing in accepted accounting procedure to render it unfeasible.*

It can safely be said that public respect for the accounting profession is now less high than it was a decade ago. It can also safely be said that this decline in prestige has been caused in large part by a growing realization on the part of the ordinary man that accounting does not talk

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his language, and that it is quite as apt to deceive as to inform him. The tendency of the accounting profession to ignore the need for changing its methods does nothing to redeem its prestige. On the other hand, its tendency to seek an academic justification of present methods by redefining the accounting function can only end in its eventual admission that all accounting figures, whether for assets or income, are of little value. When this admission has been made, and when it has been comprehended by the public, accounting prestige will be at low ebb.

The changes in accounting practice being currently proposed as an aftermath of the McKesson and Robbins revelations fall far short of constituting a real remedy for present accounting evils. It has been suggested that accountants be employed by stockholders rather than by officers, and that directors be made full-time salaried employees. But what good would these changes accomplish if the financial statements upon which all must rely continued to be misleading? The simple truth that accountants as well as their critics must face is that an accountant's present knowledge and training do not wholly qualify him to prepare correct financial statements. If accountants would complete their educations, to the end that they might adopt sound accounting principles and become fitted to value those assets whose economic values are not immediately apparent, they would be so qualified. Financial statements purport to exhibit current facts, not accounting conventions or historical data, and they are likely to be useful only to the extent that they do so. They are extremely likely to be mischievous to the extent that they do not do so.

Balance sheets should be designed to exhibit a complete and truthful statement of the financial condition of a business on a given date. Profit-and-loss statements should be designed to exhibit, in proper classification, *all* profits and losses incurred during a given period whether capital or current, realized or unrealized. In no other way can stockholders and creditors be placed on an equal footing with informed insiders, and be given a truthful basis of present fact upon which they can base their own estimates of the future.

The main problem is intellectual, not moral. The accounting profession is not corrupt. Its individual members are, on the whole, as honorable as any group of men in the country. The real difficulty lies in the sophistry, illogic, and untruth of present accounting principles, which produce figures deceiving accountants, business men, and the public alike. Not until these principles have been changed will the American public be supplied with realistic, truthful, and impartial statements of business facts—needed by it more desperately today than ever before.

[*The first half of this article appeared in last week's issue.*]

Everybody's Business

Export Eldorado?

WITH the seven seas closed to German trade, thanks to the British navy, and the Allies presumably too busy making arms and munitions to bother about foreign markets, a good many American business men are enchanted by the prospect of greatly expanded exports. In particular there is much talk about capturing the Latin American market, which during the last war became a near-monopoly for this country. An army of salesmen is being primed for a southward march, and executive blotters are being covered with nice calculations of the quantities of coal, steel, chemicals, textiles, and so on which can be disposed of simply through the displacement of belligerent competitors.

Since we have a habit in this country of regarding foreign trade as a one-way street, it is but natural that the question: How much can we sell them? should take precedence; with: How much can we buy from them? coming, when asked at all, rather as an afterthought. It is therefore good to be reminded from such diverse quarters as the *Wall Street Journal* and Secretary of Commerce Hopkins that before our southern neighbors can buy from us they must find something to use for money. As a statement by the latter puts it: "It is not just a matter of pulling out the order books and taking orders. Of major importance is the increase of imports from Latin American republics, so that we can provide them with additional exchange with which to buy our products."

The entire loss of German trade, even though it was largely conducted on an unsatisfactory barter basis, is going to make a hole in Latin American pockets. In 1938 German imports from Argentine, Chile, Brazil, and Mexico alone totaled $250,000,000, while our own purchases from these countries were only $216,000,000. Hence to make up for the immediate loss in purchasing power of these four states we should have to double our imports from them. Only then would a Latin American shopping spree in this country become practicable.

It may be argued, of course, that Latin America is one of the great reservoirs of food and raw materials which will be drawn on by the Allies, and that increased purchases at enhanced prices from this quarter will more than compensate for the loss of the German market. That, indeed, happened in 1914-18, but as I have pointed out before in this column, expectations of profit based on the assumption that economic history is going to repeat itself are likely to be disappointed.

In meeting its war-time needs Britain is clearly going to give first preference to the empire, partly because trade is the cement of imperial solidarity, partly because it can buy there on a sterling basis. Moreover, neither Britain nor France can afford to splash money around as they did in the last war and are not so ready to pay inflated prices. Forced reductions in the standard of living and rationing of necessities may mean that total consumption of non-military staples obtained from abroad will decline. For this reason British imports of such things as Argentine meat and Brazilian fruit may be cut below peace-time levels.

The British Empire is to a very considerable extent com-

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petitive with Latin America. With Rhodesia and Canada apparently able to supply all the copper that Britain needs, improved markets for Chilean mines depend on expansion of demand elsewhere. Long-term contracts for wheat have been made with Canada and for wool with Australia and New Zealand. It is reported that the British government was also willing to place a very large meat order in the Argentine but withdrew from the market when faced by a steep advance in prices. It seems unlikely therefore that Allied demands will fill the gap left by Germany in the Latin American export trade, although no doubt certain lines, such as oil, alloy metals, and hides, will show great expansion.

It may prove a mistake, also, to assume that British and French manufacturers will be entirely out of the trade picture for the duration of the war. Both countries have announced that they intend to maintain exports as far as possible in order to conserve foreign exchange. No doubt military priorities will operate to cut down their competition in many lines. But in others—textiles, for instance, where female labor is largely employed—they will struggle to retain their markets, and the depreciation of their currencies will give them a certain advantage.

We see, then, that while the war does undoubtedly offer an opportunity to our traders, no export Eldorado has been created overnight in which fat profits are to be picked up without thought or trouble. The first thing to set about is to swell the stream of Latin American exports. Continued recovery here will automatically raise the demand for industrial raw materials, including wool, of which a famine is threatened owing to the British preemption of the Australian crop. But in view of our own farm situation there seems little we can do about the surplus of Argentine wheat or Brazilian cotton. We might, of course, remove the ban on Argentine beef—an extra-fiscal device imposed on a dubious pretext—with great benefit to the American consumer, for whom beef has become a luxury. But remember the row when a modest order for Argentine corned beef was placed for the navy!

Under any circumstances, increased trade with Latin America is going to call for greater credit facilities. Probably the banks can provide what is necessary for ordinary transactions in consumers' goods. But orders for railroad material, such as both Argentine and Chile are reported to be placing here owing to the failure of Germany to deliver, call for medium-term credits, and will probably need assistance from the Import-Export Bank. Hence the Administration's desire to obtain more funds for this institution. Finally, if a real effort is to be made to raise Latin America from a state of poverty in the midst of undeveloped plenty, long-term investments must be resumed. In the past we have made such investments in two forms: bond issues of governments and cities, most of which are in default; and direct investments, mainly in the extraction industries, from which all the profits flow to this country. A renewal of the first kind is hardly likely to appeal to local investors, and Latin American nations have turned against the second kind.

Is it possible to create a new type of investment combining fair opportunities for United States capital with a genuine contribution to Latin American economy? This is a large question to which I hope to return on another occasion.

KEITH HUTCHISON

In the Wind

IN THE window of Franklin Simon's, a New York department store, a red dress trimmed with black has been on display. The descriptive card attached to the dress reads: "Paris sees red . . . set off by midnight black."

IN THE continuing flurry over the activities of the British censorship, a number of amazing boners have been uncovered. The most glaring, reports a London journal, was the suppression of an article on military tactics on the ground that it divulged "military secrets." The article had been lifted bodily from the Encyclopaedia Britannica.

LATEST COMMUNIQUE, via Paris, on the battle of the air waves: a French broadcast, in German, reported that a lunatic asylum in the Saar had been evacuated by the Germans. Prior to French entry into the war, the broadcaster said, thirty-four of the inmates had insisted that they were Hitler. Upon evacuation, only twelve still stuck to their guns.

McALISTER COLEMAN, frequent contributor to *The Nation,* recently submitted a manuscript along with a physician's prescription blank. The prescription was made out for Robert Bendiner; it read: "Take all articles submitted by M. Coleman."

FROM THE publishers' blurb for Raymond Moley's "After Seven Years": "Scrupulously fair, remarkable for its lack of bias, written with no trace of recrimination."

FATHER COUGHLIN is suing a Detroit newspaper for $5,000,000 on the ground that it called him a "congenital liar." The newspaper claims that it has collected scores of untruths and feels confident that it can prove he is a "liar." The knotty problem puzzling lawyers is how to prove that his falsifying is "congenital."

NEWSPAPERMEN WONDER how the New York *Herald Tribune* feels about having closed its Moscow office a few months ago. The step was reported to have been taken because so little news was coming out of Moscow that reader interest in Russian policy had almost disappeared.

WHEN TALK of "peace" was revived last week, a journalist who has been covering Tom Dewey's activities commented: "If there's peace, it's Dewey luck again."

EDITOR AND PUBLISHER reports that a telegraph operator on the Akron *Beacon-Journal* posted this "bulletin" in that paper's office: "*New York, Tuesday, Sept. 12.* (U. P.) A British radio broadcast received here early today said that a Russian broadcast intercepted in London stated that a Polish broadcast heard there made the assertion that a French wireless message picked up there said that a Swedish broadcast heard there had said that the German offensive 'is broken on the line of the River Bug' in Poland."

[*We invite our readers to submit material for In the Wind —either clippings with source and date or stories that can be clearly authenticated. A prize of $5 will be awarded each month for the best item.*—EDITORS THE NATION.]

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Issues and Men

BY OSWALD GARRISON VILLARD

London, September 25

WHATEVER else the war has done in its first three weeks, it has wiped out the last traces of Woodrow Wilson's interference in European affairs. He who boasted that he knew how to get peace and that his mind had only contempt for the pacifists because they did not know how to get it, and who remarked on the first Armistice Day that no one would dare to say that German militarism, then in the dust, would ever be resurrected, should have lived to see what is left of the elaborate structure raised at Versailles. Poland has followed Czechoslovakia into the discard; the red flag of communism has advanced halfway across Poland—that red flag round which the Big Four at Paris threw their "sanitary cordon of bayonets." Germany has now torn up the last bit of the Treaty of Versailles. Not even the poor Tyrolese, who by fiat of Woodrow Wilson were wrested from Austria and delivered over to Italy, are where he placed them—at least, Mussolini is supposed to be expelling them from their historic homeland and settling them in Austria. The League of Nations is so dead that in all the discussion of the new war aims going on in the British press no one has even suggested that it be revived. Yet Wilson considered it his cleverest stroke that he insisted on putting the Covenant of the League into the treaty of peace in order to insure its adoption and its continuity. Some historians of the future may portray Wilson as the leader of the first attempt to organize the world, but they will always describe it as a completely unsuccessful experiment, which lasted only twenty years.

For this sad outcome the Allies bear the heaviest share of responsibility. The French sabotaged the treaty when they marched into the Ruhr, and the British calmly violated it when they made their naval bargain with Hitler in 1934, for which they are now paying a terrible price in treasure, ships, and men daily being sunk by the submarines Sir John Simon gave the Germans permission to build. Of course one still hears here that it is America's fault that the vision Wilson held has come to naught. That veteran journalist, A. G. Gardiner, writing in an evening newspaper, brings out the old charge that we wrecked the League by not taking part in it. This is based upon the amazing assumption that if we had joined the League it would have been perfect. We and England, the argument runs, would have dominated it and the world and invariably done the right thing—kept the French in check, prevented their going into the Ruhr, spanked Mussolini for killing the orphans of Corfu, and chased the Poles out of Vilna. It is only necessary to state it to show how preposterous it is. Can any sane American imagine Harding, or Coolidge, or Hoover sending liberal, enlightened, internationally minded statesmen to represent the United States? They would certainly have sent men of the type of Charlie Dawes, Andrew Mellon, Frank Kellogg, and the weak and ineffective Norman Davis, and it is impossible to believe that any of them could have measured up to the task.

Now that Hitler has finally wrecked the whole edifice of Versailles, what of the future? This brings us squarely to the question of the war aims. Mr. Chamberlain has just given his word that the British government is committed to the formation of a stable international system having as its object the prevention of war and the just settlement of international disputes by peaceful means. So far so good. But this must be supplemented by detailed proposals, and before very long, if the neutral nations and Germany are to be convinced that England has learned the lesson of the failure of 1919. If a peace offer does come from Germany, the English and the French must be ready with something more than a flat refusal to consider it. That will be their opportunity to make a real proposal for the definite reorganization of Europe.

Two striking facts emerge from the discussion of war aims. The first is that Europe cannot continue to live as it has been living, going from one alarm and one crisis to another, and carrying a burden of armaments which will be financially impossible after the debts of this war have been piled on top of the unliquidated debts of the last. Secondly, one hears on all sides the belief that Europe must be reorganized on federal lines. For this idea, great credit must be given to Clarence Streit. By no means all who have read his book favor his proposals, which are full of dubious points. His great achievement is that he has made the thinking people of England read and discuss and ponder his demand that the nations be organized this time, not on a national basis, but after the example of Switzerland, the United States, and the Soviet Union. I am happy to record the fact that several officials of the government with whom I have talked are keenly aware of the absolute necessity of a sane new order; they even see that there must be economic disarmament and an entirely new deal as to colonies. How far up that feeling extends I do not know. That it exists anywhere in government circles is most encouraging.

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BOOKS *and the* ARTS

Generals and Ideas

THE DEFENCE OF BRITAIN AND OF THE WEST. By Liddell Hart. Random House. $3.50.

AS MILITARY correspondent of the London *Times* and as the author of a number of books dealing with the errors of the last war and the strategical preparations for a second war, Captain Liddell Hart has established himself as the outstanding authority on the subjects with which he deals. He published the English edition of "The Defence of Britain" while the war was still a white war—a camouflaged war. He then had eager readers who wished to ascertain the extent to which his views had influenced British military policy and to receive assurances on the adequacy of British preparations. Now, unhappily, American readers will seek light and leading in order to understand Britain's strategy in the present war, and they may learn that they are wrong in considering its lack of strategy.

Captain Hart restates views which have long been accepted by all save cabinets and generals: that it is impossible to divorce diplomatic policy from military strategy, and that simply piling up armaments without clear views as to where, with whom, and against whom they may have to be used is not only futile but dangerous. In a scheme of collective security Britain's strategical problem would have been simple and success certain. But Great Britain scrapped collective security. Then it proceeded to sacrifice natural fortifications to the east of Germany and behind them thirty-five Czech divisions plus a formidable air force. When Captain Hart wrote, he was able to hope that the peace front which Great Britain was belatedly building would include Russia. The hope was blasted. Now the "defense of Britain" must be without Eastern European aid—even in the face of Eastern European hostility.

But this simply reinforces Captain Hart's main thesis: that offensive operations cannot be successful save when the attackers have tremendous superiority; that Britain must return to the policy which it successfully followed down to 1914—a policy of limited liability with major contributions consisting of sea power and economic pressure. "Our object is fulfilled if we can convince the enemy that he cannot conquer." The result of totalitarian war depends not on military victories or defeats but on totalitarian staying power—on the ravages of economic distress, on morale, and on internal crack-ups. The danger is that public opinion may become restless and insist that the generals strive for military success and consequently risk disaster.

Captain Hart tells a sad story of preparations that did not prepare: of an air force that was starved because the "custom of the services differs from the domestic family in that the latest born is commonly the first to suffer"; of a War Office which devoted one-quarter of 1 per cent of its total appropriations to anti-aircraft defense. The generals violated a prime maxim of strategy: military operations require a secure base, and they permitted the base—England—to be so insecure that at the time of Munich many were led reluctantly to the conclusion that there was no alternative to Mr. Chamberlain's capitulation.

Much of the changed emphasis of the last year has resulted from Captain Hart's influence. For the first time since Lord Haldane was Secretary of State for War, Great Britain had in that office a minister who forced his views upon the generals. In large part Mr. Hore-Belisha's program has been Captain Hart's program. A reorganization of high personnel has sought to bring brains to the top and to make it certain that seniority cannot be synonymous with senility. That an outsider like Captain Hart should have had such influence is not flattering to the services and reminds one of Rebecca West's remark that before a war military science seems "a real science like astronomy, but after a war it seems more like astrology."

"The Defence of Britain," it is to be hoped, will excite American readers—not by casting doubts on Britain's strength but by inspiring questions as to the adequacy of our own preparations. We have no outsiders like Captain Hart to prod and plan. Save for the constitutional commander-in-chief, civilian control and even knowledge of what our services have been doing are notoriously scanty. May we not discover that we have made "the latest born the first to suffer" and thereby imperiled our defenses! Assurances to the contrary by the services are not enough, because, as Captain Hart has elsewhere remarked, military history shows that the only thing more difficult than getting a wrong idea out of the military mind is getting a new idea in.

LINDSAY ROGERS

Biography of Rimbaud

ARTHUR RIMBAUD. By Enid Starkie. W. W. Norton and Company. $3.75.

IN HER introduction to this excellent volume Enid Starkie admits she has avoided the drawing of parallels and devoted herself simply to an understanding of Rimbaud himself. She has accomplished this task with more feeling, insight, and care than any other writer on the subject and cannot be commended too enthusiastically for it. Yet parallels may be drawn, and it is a temptation to contemplate a study equal to Miss Starkie's in talent which would be a "biography" of the nineteenth century in itself and of the influence of that era on general creative personality. The period which began with the reforms of the Industrial and French revolutions ended with a new imperialism; it filled its graves with precocious deaths and outraged sensibilities; its poets and *voyants* were racked like witches on the wheels of superstitious materialism. The transition was complete. The movement which had been created with idealism and a revolt against tradition, which had attempted a fuller and freer life, terminated with betrayal and constriction. The romance

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of proletarian freedom was concluded with a pact between the bourgeoisie and the landed aristocracy; and the romantic imagination which sought and affirmed subjective truths was outlawed by economic absolutes. Horror, uncertainty, and all the demons of maladjustment guarded the entrance to the empyrean. In Germany, Hölderlin, after years spent in beggary and wandering from county to county, died insane in a carpenter's hut, unaware of his own disciples; Kleist pleaded for companionship in death, gratefully accepted the offer of a consumptive stranger, and blew both their brains out; Raimund chose suicide, too; Georg Büchner died of fever at the age of twenty-four; Wilhelm Hauff at twenty-five; Schubert at thirty-two. In Italy, Leopardi and Bellini were overcome by disease in their thirties. Of the Russians, Griboedov was stabbed to death and Pushkin killed in a duel. England knew the immature deaths of Keats, Shelley, and Byron, and in America we have the example of Poe. There may or may not be any significance in these obituary facts, but they do in each case suggest the elements of precocity, violence, anguish, and disease—qualities shared more consistently by Rimbaud and the symbolists than by those venerables of the eighteenth century Voltaire, Haydn, Rousseau, Leibnitz, Kant, and Goethe. There are, as well, typical aspects of nineteenth-century literature which reflect many of Rimbaud's emotional conditions. Rimbaud's burning of his manuscripts reminds one of the character in Dostoevsky who commits suicide in order to prove he has no fear of death; or of Stendhal's Henri Brulard, who declares: "Ce qui ne fait qu'effleurer les autres me blesse jusqu' au sang." Perhaps Rimbaud's personality viewed in terms of these "parallels" might, without losing any of its originality as a phenomenon, appear in a perspective more scrutable, less *inouï*. It must be said, however, that Miss Starkie's text is illuminating as it stands. And her theories, particularly those concerning the controversial "Une Saison en Enfer," are more satisfactory and clarifying than those of Claudel or Ruchon.

It is necessary before discussing these explanations to digress to Rimbaud's childhood and early youth, a period for which he himself experienced extreme nostalgia ("Jadis, si je me souviens bien, ma vie était un festin où s'ouvraient tous les cœurs, où tous les vins coulaient"), a time which is doubly significant in the life of a poet who launched a career of genius at adolescence and renounced literature at nineteen. Childhood may be described as a state close to poetry. It is a period of extraordinary sensory discovery and exploration; each new-found reality is a world in itself bearing a mystic rapport with another greater and still invisible world; its visions are profound and intuitive; its only logic is the imagination, uncompromised by the facts of commonplace existence. But with the beginning of external experience, the world of fantasy and idealization is displaced. The poetry is rubbed off. The metaphor turns into the physical object. The child has made the acquaintanceship of other people's realities. Rimbaud made that acquaintance in a less typical fashion.

His mother was a woman with an exaggerated conscience and a neurotic sense of guilt. Before her marriage she had witnessed the consequences of debauchery and vice in her brothers. She was determined to spare her children the possibility of sin. She guarded over the fatherless brood like a jailer, accompanying their every step. They were permitted no friends. Their duties and activities were prescribed and regulated. It was a sheltered, hermetic existence in which Rimbaud was only free to dream of freedom and enjoy the company and vicarious experience of books. He entered the Collège de Charleville at the age of eleven and walked off with all scholastic prizes. It was at the Collège too that he met George Izambard, a new master who was to become the first important influence in his life. When Izambard left Charleville, Rimbaud, deprived of his first sympathetic human relationship, became desperate. The prospect of continuing his life in the provinces became intolerable, and he ran off to Paris without even train fare, only to be shipped back by the police. His later flight had more disastrous consequences —there is some ambiguity as to the date: Miss Starkie places it before and Delahaye after the Commune. It was on this visit that he was subjected to the brutal experience ("ithyphalliques et pioupiesques") referred to in the "Cœur Volé." It was a turning-point in the poet's life. Although Rimbaud was sixteen at the time and of extraordinary intellectual achievement, experientially his world had never extended beyond the Charleville nursery and library walls. Now in Paris his first contact with reality was of the harshest physical kind, a sexual assault by soldiers. It was an experience which "shocked, stunned, and obsessed" him. It was the first step toward the philosophy of "Les Illuminations," of "le dérèglement de tous les sens," of the escape from a world which revolted him and from a morality which unless he negated it would condemn him. Thus the poet must become something beyond human laws, an oracular and transcendental instrument, governed by and revealing the eternities. Rimbaud turned for assurance to the works of the cabalists. Swedenborgian absolutes prepared him for Baudelaire's theory of Platonic essences and *correspondances*. When Baudelaire in "Les Paradis Artificiels" exclaimed "Je suis devenu Dieu!" Rimbaud, too, believed in his own divinity, carried it farther. (It is interesting to compare this state of self-exaltation with Freud's definition of advanced paranoiac delusion which is also described as an identification with God; or with the Gauclère theory of Rimbaud's onanism.) He would conquer the world with the word.

No doubt he intended to carry off Parisian literary *réclame* like a school prize. His reception was at first indifferent and then antagonistic. To prove the divine exemption of poetry, he had outraged every norm and convention. The affair with Verlaine had become a series of public exhibitions, brawls, reprisals, debauches, reconciliations, culminating in Verlaine's attempt on Rimbaud's life in Brussels. Rimbaud could violate his own moral sense, but he could never completely eradicate it. He took a revulsion to Verlaine: "J'ai aimé un porc!" Disillusionment shattered his whole theory of art. It is Miss Starkie's belief that Rimbaud, while in the hospital recovering from his bullet wounds, was seized with the impulse to exorcise his past. He returned to Charleville to write his *mea culpa*, "Une Saison en Enfer." It is the confession of his previous follies, an investigation into the nature of sin, a resolution to accept life on its own terms—not a farewell to literature, Miss Starkie points out, but a new humility. He would now become like the other "scribblers." Poetry was no longer the translated speech of God, but merely a professional form of self-expression. When "Une Saison en

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Enfer" was printed, Rimbaud sent copies of it to all his literary friends in Paris. The book attracted little attention, and when Rimbaud followed it he was totally ignored. Verlaine a few months before had been sentenced to two years in a Brussels jail as a result of Rimbaud's charges. Parisians knew the details of the affair and had no further interest—they had had little enough in the beginning—in Rimbaud's personality or talent. "He had come to them in all humility . . . and they had repulsed him." He returned to Charleville, and three months after he had published "Une Saison en Enfer"—Miss Starkie stresses the time interval and it is an important consideration—he burned everything he had ever written.

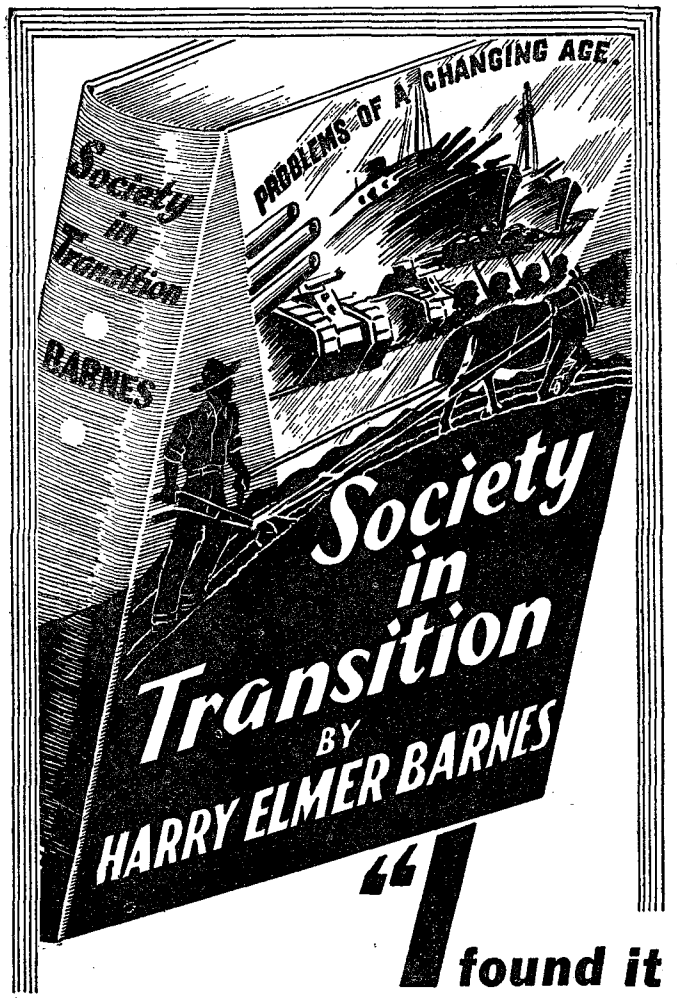
He never wrote again. Perhaps, finally, in Abyssinia, the gun-runner, slave-trader, and explorer did achieve "the freedom which is the recognition of necessity." In 1891, the year he came home to die, he made one terse reference to literature in response to a question put to him by his doctor: "Merde pour la poésie." CHRISTOPHER LAZARE

Amazing and Amusing

FROM ANOTHER WORLD: THE AUTOBIOGRAPHY OF LOUIS UNTERMEYER. Harcourt, Brace and Company. $3.

FEW contemporaries of Mr. Untermeyer's—and those of us who are past forty find in a man of fifty-three a contemporary—can fail to read his Foreword to this book without feeling a kinship with the author. The three worlds he speaks of there—the one of "security and some serenity . . . that ended in 1917," that of "the World War and the false peace," and the present one "of undeclared wars and methodical violence, of political aggression and moral disintegration"—have been and are our worlds. And we welcome his effort to recapture the sense of the past, to fix, before it is too late, the people and events, chiefly events in the arts, through which we knew those worlds. This account offers us the pleasures of recognition and, if we read it thoughtfully, a stimulus to revaluation.

It is not a personal history. The author admits at the outset that his readers will find here "little of my 'inner self,' less of my own work, and nothing (if I can help it) of my emotional maladjustments." Indeed, the only passage in which he deals frankly with such matters is in the page and a half devoted to his mother's attempt to hold him by the silver cord. It was not merely because he was in the jewelry business that he preferred gold. Mr. Untermeyer speaks candidly of his middle-class Jewish origins and of some of the less glamorous facts of his career ("As a traveling salesman," he writes in his chapter on Mencken, "I sold jewelry to the leading Maryland instalment houses, which, in turn, sold it to the more affluent members of the better brothels"). But by far the largest part of the book is devoted to the poets, painters, and publicists whom he has known, and to the lively conflicts centering about the magazines, the old *Masses* and the *Seven Arts,* with which he was associated. The result is a cross between a revised edition of his "New Era in American Poetry" and an expansion of the commentary in his anthologies, with a little travelogue, a num-



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ber of letters, Schnitzler's recipe for *Liptauer garniert,* and a handful of jokes, some of them on himself, thrown in for good measure. If he has nothing to say of his own private life, he is willing to give the reader brief glimpses of other people's, so that these accounts are more intimate than his above-mentioned excursions into biography. And as his gusto is unflagging and his wit perpetually effervescent, there is no lack of entertainment. "Louis," a well-known scholar, not mentioned in these pages, observed a decade since, "is as brilliant and as far from immortality as ever." He is still brilliant and rather nearer immortality, if only because of his gift for attaching himself to the immortals. Thus, one of the most delightful chapters has to do with his good friend Robert Frost, and not the least interesting anecdote relates to his interview with Mussolini.

He presents himself, alternately, as a jewelry salesman, a poet, a man about town, and a gentleman farmer. Preeminently, however, he is the anthologist. He collects—people, puns, poems, both the good and the egregiously bad of these, and experiences, mostly rollicking. In assembling these collections he is not over critical. His discussion of the Fugitive group grants a third of a chapter to Merrill Moore, but only 150 words to John Crowe Ransom. He dismisses Eliot's early work as "mordant light verse," while Nathalia Crane, to whom he devotes some ten palpitating pages, is compared to Emily Dickinson and William Blake. Occasionally he is wise after the event, as in his chapter on Amy Lowell, which has something of a "now-it-can-be-told" odor. But if his enthusiasm is apt to play Gulliver in the Lilliput of his discrimination, it is none the less an adventurous Gulliver, amazing and amusing.

The book ends, after a sad excursus into the Jewish question, on a characteristic note of indomitable yea-saying, a paean to an America where "the free range, the spirit of affirmation, continues untired and unconquerable." We have seen, in this terrible and cowardly new world, the spirit of affirmation quite divorced from "the free range." One can but hope that Mr. Untermeyer's happy assumption will be borne out. BABETTE DEUTSCH

Nineteenth-Century Bogywoman

FRANCES WRIGHT: FREE ENQUIRER. By A. J. G. Perkins and Theresa Wolfson. Harper and Brothers. $3.50.

IN 1828, the year Jackson was elected President, Fanny Wright was the Fourth of July speaker in Cincinnati. The censorious Mrs. Trollope, though almost deterred from attending "by the reports of the immense crowd that was expected," has left us an account of the meeting in her "Domestic Manners of the Americans," a book written with eyebrows lifted and lips pursed. "Frances Wright: Free Enquirer" makes it easy to understand what a later period would call Fanny's box-office appeal. It combined radicalism with sex. Her starry-eyed "Views of Society and Manners in America in a Series of Letters from That Country During the Years 1818, 1819, and 1820, by an Englishwoman" may seem quaint today. In the period of reaction following the Napoleonic wars England found it subversive. Lockhart's Tory *Quarterly Review* treated its "ridiculous and extravagant panegyric on the government and people of the United States" as the late London *Morning Post* would—and no doubt did—treat Sidney and Beatrice Webb's "Soviet Communism—a New Civilization." Gossip said Fanny was not only dangerous but—and the whispers alone were enough to draw a crowd. Fanny's admiration for America had attracted Lafayette, who had regained his amateur standing as a revolutionary now that the French Revolution was safely over. It was said there was more than friendship between the aged hero and the adoring young woman less than half his age who had come back to the United States "in his wake." The phrase is from contemporary newspapers and seems to have carried quite a leer. Miscegenation and free love had been practiced at the cooperative colony, Nashoba, with which Fanny Wright sought to solve the problem of slavery; Fanny's devoted sister, Camilla, had explained to the slaves that "we consider the proper basis of the sexual intercourse to be the unconstrained and unrestrained choice of both parties." Need one wonder why Mrs. Trollope was surprised that the Fourth of July speech in Cincinnati "contained little that could be objected to." There was "one passage from which common sense revolted . . . wherein she quoted that phrase of mischievous sophistry 'All men are born free and equal.'" Mrs. Trollope found no difficulty in declaring the maxim false. Fanny based her life upon it.

There was a time, as late as the 1850's, when a Congressman could rise to denounce "socialism and agrarianism and Fanny Wrightism," and evoke a shiver of comprehension. Fanny has been unjustly forgotten, and the Misses A. J. G. Perkins and Theresa Wolfson by this new biography have performed a pious duty to the memory of an extraordinary woman and filled a gap in American historical literature. First of American feminists, one of the founders of the Workingmen's Party of New York, coworker with Robert Dale Owen in the vineyard of utopian socialism, Fanny Wright is too often dismissed with a passing reference in standard histories. The forces that went into the making of Jacksonian democracy and the full flavor of that crucial period in our history are better appreciated when one becomes familiar with the career, ideals, enthusiasms, and crotchets of the handsome, headstrong, and sometimes giddy Fanny. She played a leading role in the period during which the common man in America won the right to vote and free schooling for his children. She helped organize American labor for the first time for political action. She occupies an honorable place among the forerunners of modern socialism. She deserves the labor that has gone into this biography, its patient searching into forgotten records and scattered letters, its rich and careful documentation. Malicious tories poked fun at Fanny's "chaste diction and logical deductions from unproved data, delivered with an air of determined purpose and fortitude that seems to expect and even court persecution and martyrdom." Robert Dale Owen came to see that her courage was "untempered by prudence," her philanthropy "had too little of common sense." Fanny, like many social pioneers, often slid into the faddist. Sometimes she seemed the social worker. It is not difficult to sneer. But it is not the sober or the prudent who provide the ferment that precedes and accompanies a great period of change. I. F. STONE

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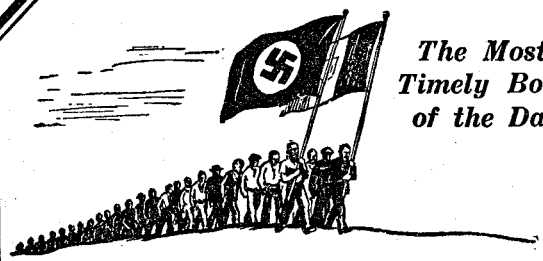
Good Journalism

CHILDREN OF GOD. By Vardis Fisher. Harper and Brothers. $3.

"CHILDREN OF GOD," Vardis Fisher's contribution to the literature of Mormonism, is in many respects an excellent piece of reporting. It may be questioned, however, whether it is very much more than that. For all its factual accuracy and its emphasis on public situations, it is not particularly satisfying as history: it lacks the perspectives essential to any first-rate historical work, and invaluable, one would think, for any study of this many-faceted movement. Moreover, its chatty, colloquial style, its general looseness of construction, and its occasional lumping together of trivial and important incidents are features better suited to a survey of the immediate, unresolved present than to what professes to be a definitive report on events in the remote past. And although "Children of God" received the 1939-40 Harper Award for the best novel of the year, it cannot be described as a novel. Material of this kind does not in any case submit very gracefully to the exigencies of the novel form; and Mr. Fisher, who must himself have been aware of this, has chosen to subordinate personal data, intimate revelation, and the drama of human relationships to the broad, sprawling pattern of the movement as a whole. Brigham Young's family life—which in any novel would surely merit a place by itself—is touched off in a few pages of semi-humorous anecdote. His marriage to Harriet Amelia Folsom, the only wife for whom he felt any affection, is gone into at some length; but the passages devoted to this amatory interlude are among the least impressive in the book. One is given few glimpses of the domestic life of Joseph Smith and his first wife Emma—whose shrewishness is supposed to have been partly responsible for the prophet's espousal of the doctrine of polygamy. And in regard to the prophet himself, Mr. Fisher displays all the impartiality and indifference to psychological detail of the good reporter whose chief concern is news: whether Joseph Smith was saint, faker, epileptic, or lunatic are questions which the reader is left to decide.

It is in the scenes of action, and in the mass scenes generally, that the book is most successful. There are few passages in contemporary journalism to compare with Mr. Fisher's account of the tarring-and-feathering and subsequent murder of Joseph Smith; or with that section of some hundred-odd pages dealing with the exodus of these latter-day Chosen People over the rough Western plains into the Promised Land of Utah. Structurally concentrated, imaginatively treated, and vivid in its portrayal of the hazards and hardships of pioneering, this section constitutes a kind of minor epic. But Mr. Fisher's talent for reporting, which deals admirably with these features of Mormonism, becomes something of a handicap when confronted with the complex later stages of the movement, with that period when a semi-communistic society, the most successful of its kind, was established in Utah and when the forces massed against it ranged all the way from bigotry to federal opposition. The chapters dealing with these later aspects of Mormonism are fairly disappointing. At its best, however, "Children of God" contains all the virtues of good journalism: liveliness, impact, and readability.

HELEN NEVILLE



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MUSIC

A COMMENTATOR on the musical scene is bound to observe that the critic of jazz has the same opportunity as the critic of other music either to increase his readers' understanding or to corrupt it; that often he corrupts it, sometimes because he is incompetent, sometimes because he is himself corrupted—because, that is, he is deflected from rigorous justice to his material. His failure, in other words, like that of any other critic, may be a moral failure—a use of his subject for personal ends, such as to put on an impressive or entertaining performance of his own, to show off his literary style or his cleverness, or at best his knowledge and taste.

A critic of jazz who did a proper job of orientation and evaluation for his readers would be careful to point out distinctions which are in some degree themselves criteria of value, before he separated good from bad in each of the types of music he had distinguished. Beginning with the fact that in jazz there is first the song and then there is the performance of the song, he would distinguish the spontaneous, improvisatory use of the natural jazz language from the performance of a written arrangement; he would further distinguish the arrangement written in the so-called "hot" style of the natural product from the "commercial" arrangement which dresses up the song in whatever styles of scoring are current at the moment; and he would add, as Wilder Hobson did, that the "commercial" arrangement sometimes borrows from the natural jazz language, that the two sometimes are mixed, and that sometimes they are played by the same musicians. In illustration he might point out that in 1928 Paul Whiteman's commercial band included a few of the best jazz musicians of the period, among them the outstanding player of all time, Bix Beiderbecke; that this band, and Bix with it, played and recorded instruments in the slick "commercial" style of the period in which occasionally he had an opportunity to improvise a solo passage in the natural jazz language; and that at the same time Beiderbecke and the other good jazz musicians, in small groups, used this language in entire performances, some of which were of outstanding quality—performances like the "Moonglow" which Benny Goodman recorded with the Teagardens, Teddy Wilson, and a few others who were assembled for the occasion in 1933. And then he would point out that in 1938 there was essentially the same situation: now it was Benny Goodman's large permanent orchestra, among others, that played arrangements written in the "commercial" style of 1938—a style which "commercialized" certain features of the natural jazz style; and these arrangements permitted a Jess Stacy an occasional solo; but entire performances in which Stacy and his kind used the natural language spontaneously—performances like the Benny Goodman "Moonglow" of 1933—were still produced only when these players got away from the large bands and played and recorded in small groups.

Actual criticism has failed to point out or to observe these distinctions; the 1938 Goodman performances have been presented and discussed as the "hot" jazz, the "swing," the "collective improvisation rhythmically integrated" which the 1933 "Moonglow" was but which the 1938 performances were not; and this confusion is regrettable because music-lovers who might have enjoyed the collective improvisation of 1933 have been repelled by the arranged noise of 1938. The reasons for the failure I have already given; and if one wants to know how bad criticism in any field can be written by excellently equipped critics one can do no better than to look at the critic of jazz who has achieved the greatest prominence and influence, John Hammond.

Hammond began with his mind, his sharp ears, his fine musical sensitiveness fixed on the music, in the process of getting to know it and to evaluate it for himself. Later he began to evaluate it for others in writing—which is to say that to his relation with the music there was added a relation with the public. And he was not the rare critic who can keep his mind rigorously fixed on the art he is dealing with; he was the normal critic, conscious of his audience, of himself in relation to his audience; he listened and wrote not only as a man with sharp ears and fine musical sensitiveness but as a young critic out to make a position for himself; and his ears and sensitiveness were not only an equipment with which to hear but a stock in trade with which to impress—which made them less efficient and reliable. He made his voice heard; with prominence he acquired authority, with authority influence, which he used not only in criticism but in action—in the affairs of players, bands, record companies. He listened, then, with ears, sensitiveness, judgment deflected by his sense of importance and power, his loyalties and animosities; what he heard was altered by innumerable extraneous and irrelevant considerations, such as whether a company's plant was unionized or a player was a Negro; and here it must be explained that he had begun with more than just the young critic's reasons for self-consciousness: he had been aware of presenting to the world the remarkable phenomenon of a rich young man with intelligence, one also with a heart and conscience that ranged him on the side of the oppressed against his own class of oppressors (but with self-consciousness this revolt against his background had also become part of the stock in trade of an ambitious young man).

If Hammond had listened to the Goodman performance of 1938 with his ears and taste he would have heard the difference between it and the "Moonglow" of 1933; and if they sounded alike to him it was because, like Henderson with virtuoso conductors, he listened to each not with his ears and taste but with his emotions—the emotions of a man with a love of power and importance toward something which he had in large measure created and made important, and with which, in the process, he had himself risen in importance. That is the way he has listened to everything; and it is a way that has nullified his first-rate equipment—and this in action as well as in writing. For a man who sets out only to hear may discover a fine new player or band; but a man who sets out to make astounding discoveries is likely not to hear straight. Discovery, as part of the Hammond stock in trade, has led him as often as not into wishfully contrary-to-fact hearing, and this into stubbornly contrary-to-fact writing.

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What started me on this subject was Panassié's booklet for the 144 Victor hot-jazz records. Here, as in his book a few years ago, he revealed a sensitiveness without discrimination that is quite common, and not only in jazz. In his book, however, he did speak of the deterioration of Louis Armstrong's playing with his growing exhibitionism in 1932, adding that "at the same time [as] he made 'High Society'—his poorest record—he made 'I Gotta Right to Sing the Blues,' in which we again have the Armstrong of the great days." But in the booklet we find him sponsoring this very batch of records, singling out a few that turn out to be as bad as "I Gotta Right to Sing the Blues," and offering no warning against "High Society." B. H. HAGGIN

ART

For the Punch-Drunk Public

THE enterprise called Sculpture in Editions, represented by the Robinson Galleries in New York City, has slipped into the art news again. It is the one whose engaging aim is the "socialization of sculpture." Through the introduction into the sculptural field of mass production like that within the printmaker's reach, it hopes to enable the public to purchase, for the price of good prints, copies of "editions" of original sculptures by the present-day Donatellos. The editions are to be limited and at the utmost to contain three hundred copies.

The initial list of artists, whose duplicate originals Sculpture in Editions offered at sums ranging from $10 to $100, included, however, only New Yorkers—Flannagan, Hovannes, Epping, Gross, Zorach, and other familiars. Recently the enterprise resolved to "nationalize" the field laid under contribution by itself. A competition for positions on its list, open to talented sculptors from the country's other parts, was an event of the last few days.

Any course of action which tends like this one to widen its scope must be applauded. Responsibly conducted, the enterprise should produce a new market for sculpture. Editions of sculptures made from the models of skilled, sensitive craftsmen once enriched the world with the Tanagra figurines; and besides the terra cotta of his ancient predecessor, the modern "editor" commands such equally versatile and attractive media as hard plaster and cast stone. The last indeed is capable of yielding effects not incomparable with those of limestone, Tennessee marble, Virginia green stone, basalt, and granite. Nor need mechanical aids such as the pantagraph-like device inevitable in carving editions of sculpture in mahogany, teak, walnut, and other hard woods necessarily prove abortive. Great photography long since showed us that machinery is at least as capable as any other tool of man's invention of recording under his direction the pressures of his hand.

Besides, in preparing to "socialize" sculpture of a quality once within the reach only of rich men, Sculpture in Editions promises to provide a punch-drunk public with a collaborator in the "unbought grace of life" which Burke declared the

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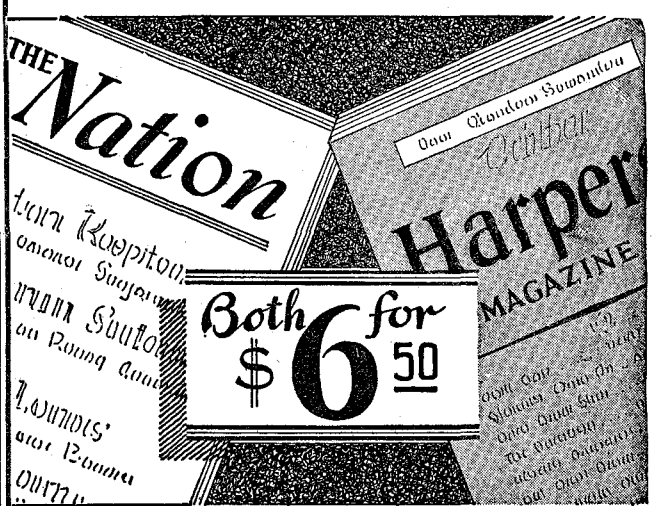

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"cheap defense of nations." Sculpture (is it necessary to remind the reader that by this word we are not and have not been signifying the glyptic art of gift shops?), sculpture is an art as singularly companionable as it is decorative. If pieces of it perfectly dress rooms in the simple structural modern style—as perfectly as they dress gardens—they also possess capacities for delightfulness surpassing even those of pieces of pictorial art. Certain of these seem to flow from the circumstance that the activity of the fantasy is not as greatly the prerequisite of an enjoyment of the sculptor's work as it is that of the enjoyment of the painter's. The bit of sculpture, to begin with, is a presence. It solidly occupies space and retains some of the almost hypnotic fascination of the stone block that was its mother. Its surfaces provide a playground for light in all its moods. Again, born as it is more completely of the desire to touch than is any other form of art, it is always ready to satisfy anew the impulse that fathered it. And, as has been said, if it is very live, and shrewdly observed, it will prepare our responses to the world and lead us out amid events and persons.

PAUL ROSENFELD

FILMS

THE embargo on the great French film "Harvest," which was reviewed in this column in August, has been lifted by the censors. Seeing it a second time was again a deep experience. It was, in fact, the only worth-while evening of many lately spent in movie houses. It may well be that "Harvest," in setting too high a standard, makes one unjust toward other pictures. Here is one of those rare examples of true moving-picture art. The simple and honest story (based on the novel by Jean Giono) of two middle-aged persons who find each other and make their lives and fields bear fruit is produced by the eminent dramatist Marcel Pagnol with that poetic realism of which the French are masters.

Compared with "Harvest" even the best Hollywood picture of recent weeks, "The Women" (Metro-Goldwyn-Mayer), after the stage hit by Clare Boothe, is a cheap affair—smart, witty, but phony. Satire demands the sharpest truth, not merely wisecracks. One is of course amused by actresses like Norma Shearer (straight performance with moments of feeling), Rosalind Russell (she alone has the style for satire), Joan Crawford (too naturalistic), and Pauline Goddard (not enough of her). But at the end one feels tricked and nothing remains.

"Nurse Edith Cavell" (R. K. O.), the story of the English nurse shot by the Germans in 1915 in Brussels, is a slow-moving, historical case history—as if a hundred clerks had busied themselves in Hollywood to piece together a repetitious report. Anna Neagle has the face and poise of the heroic nurse but somehow too much of it. From the first moment on one feels that she knows her future fate and martyrdom. There is no development of character and therefore little suspense. As a whole the ambitious production is technically excellent, yet it gives not more than a schoolbook account of one of the most tragic episodes of the last war.

Two outright disappointments are "Espionage Agent" (Warner Brothers) and "Blackmail" (Universal). In the first picture the most progressive producers of Hollywood fight childishly for an efficient American system of counter-espionage. A student in the diplomatic service of great stupidity and courage marries a girl who has been a spy. She tries to tell him in time, but the fool will not listen. Her past is duly exposed, and he is forced to resign just at the moment when he is promoted to the post of secretary at the embassy in Paris. As a true patriot he does not give up, and with his wife as his assistant he smashes a very careless spy ring which threatens to blow up American factories in time of war. His revelations finally force Congress to appropriate the money necessary for a successful drive against foreign conspiracies. It does not help this clumsy story that McCrea is its congenial hero. But the newcomer, Brenda Marshall, will bear watching. She has a face and personality of her own which we hope will not be taken away from her. With "Blackmail" the audience is blackmailed. We get Edward C. Robinson, but as a dead man, killed by a crudely executed story which drags him back and forth between burning oil wells and the chain gang.

Of special interest is the reissue of the "March of Time" on the Maginot line. The war in Europe makes this revealing pictorial report a frightful experience. There are no casualties, of course, as the camera shots were taken in the period of "peace in our time," but one cannot help seeing in every soldier's laughing face a death's-head grin.

FRANZ HOELLERING

[Through an unfortunate error *The Nation's* review, in last week's issue, of "D. H. Lawrence and Susan His Cow" by William York Tindall (Columbia University Press) appeared in advance of the publication date, which is October 23.]

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Letters to the Editors

Norman Thomas and Union Square

Dear Sirs: I should like to make certain comments on James Wechsler's interesting article Stalin and Union Square in your issue of September 30.

1. Mr. Wechsler's list of reasons why the Communist Party was able to fill Madison Square Garden, despite the Hitler-Stalin pact, omits one of considerable importance. It is simply this: under the line which made them a kind of left wing of the New Deal, Communists have been far more successful than the general public realizes in placing their people in jobs in various organizations—in white-collar projects of the WPA and even in the Civil Service. By ways I cannot stop to describe they have managed to maintain a high degree of job control. Part but not all the explanation of the 20,000 people at Madison Square Garden is to be found in this job control.

2. While it is quite true that I regard Stalin's pact with Hitler, which made possible the present war, not as an aberration but as a climax to Stalin's policy, neither I nor other Socialists have hailed these events as a vindication of any warning. Rather we have publicly mourned the deep betrayal of socialism, of the workers' cause, and of the hope of peace. Many of us who were not Communists hailed the achievements of the Russian Revolution for years, and struggled for its recognition by our government.

3. It is true that there are the makings of a kind of "New Beginning" group in America, but that group cannot take a very definite and inclusive form among men strangely and sincerely divided concerning our duty in the present war crisis. The Socialist Party, for instance, is primarily interested in alliances to keep America out of war, not on the basis of a blind isolationism, but on the basis of an understanding of the meaning of war in general and this war in particular and of the consequences to the United States and mankind of American participation.

4. Under no circumstances, however, will the Socialist Party have anything to do with any group or movement desiring to keep America out of war if that group has the support of the Communist Party. We regard that support as based wholly on obedience to Stalin. It is completely undependable and is possibly more dangerous to the temporary friends or allies of the Communists than to their enemies.

NORMAN THOMAS

New York, October 3

Anti-Dictatorship League

Dear Sirs: James Wechsler's article Stalin and Union Square, in your issue of September 30, was evidently written before the economic agreement between Hitler and Stalin took clearer form. With the exchange of letters between President Molotov and von Ribbentrop Russia bound itself to deliver to Germany raw materials to be paid for by manufactured goods from Germany, to be "delivered over an extended period of time." This agreement amounts to furnishing Germany with the raw materials of war on credit and makes Russia the unquestioned economic ally of Hitler. The Communists, so far as they continue faithfully to follow Stalin, are therefore from now on, and unless Stalin changes again, agents of the Nazi as well as of the Soviet government. Stalin now is building up a vested interest in the survival and victory of Hitler, since only through such a victory can he expect repayment for the raw materials which Russia is to deliver.

The original non-aggression pact and limited economic agreement, with the secret military clauses for the division of Poland which accompanied or soon followed it, undoubtedly emboldened Hitler to risk war. For he knew then that he would not have to fight a serious war on two fronts. The present more far-reaching economic alliance between Hitler and Stalin has as its purpose to prevent the British blockade from worsening the economic condition of the German people and thereby undermining their loyalty to Hitler. The dictators are thus clearly lined up as allies against the two Western capitalist democracies, even though they do not as yet trust each other sufficiently to have their troops fight shoulder to shoulder.

It seems to me that an Anti-Dictatorship League, of course without any Communist influence or participation, would be just the sort of organization that the fellow-travelers who are now disgusted with Communist antics would welcome eagerly. The general purpose of such a league would be to preserve political democracy and advance industrial democracy at home and abroad, and to teach that dictatorship is the mother of war and capitalist imperialism the grandmother of war. It would also press for early definition of decent peace terms by England and France, and work for economic aid to them in proportion as the peace terms are such as would help democracy and tend to produce a just and lasting peace.

ALFRED BAKER LEWIS

Boston, Mass., October 4

Betrayed by Stalin

Dear Sirs: As the wife of a Communist functionary, who for ten years has forgone all open criticism of Joseph Stalin, I could no longer face my conscience, touch a clean thing, or use the words "truth," "democracy," "socialism" did I not face the facts of the Stalin-Hitler tie-up as the most shattering betrayal in history. Henceforth the name Stalin will be a synonym for Judas.

Not all the munitions makers in the world could have so cunningly tricked the democracies into a war as did Joseph Stalin, who for almost four years played the role of "friend of democracy" in order the better to betray it. Not even the excuse of "living space" but a naked lust for power motivated Stalin's sell-out. Why should a world in tears and anguish bother a dictator?

Now is the time to choose sides regardless of personal ties or happiness. It is the aggressors versus humanity.

A. BLACKMAN

New York, October 2

The Five View the Northwest

Dear Sirs: We entered the Northwest over the old Lewis and Clark trail along with hundreds of other cars from all states in the Union, all rushing to America's last frontier.

Newly erected power lines stamped "Bonneville" were the first evidence of this new type of pioneering—giving the natural resources back to the people. We stayed in homes where kindly housewives told us that it was "cheaper to

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cook with electricity since the government built Bonneville." A shingle manufacturer beamed as he told us that he could now open a new plant, "because with the low cost of power I can compete on the market and pay union wages."

We went to see the Grand Coulée Dam in Washington, which the people look on as a blessing from the Lord. This eight-hundred-foot wall of concrete holding back a hundred and fifty miles of water across a narrow stretch of one and a half miles will mean the reclamation of over a million acres of land, and jobs and homes for eighty thousand families. It will mean complete electrification for the entire state.

The farm population is politically an important factor in the Northwest. Fortunately, the reactionary Associated Farmers have been able to make few converts outside their counting houses. Many loggers in the Dutch Canyon region said to us: "I carry a union card when I work my farm during the off months in the logging camps." With farmer-loggers in industrial unions and the Grange keeping alive the old Populist traditions, it is no wonder that we heard speaker after speaker at a political picnic in one of the farm areas open his remarks with, "We have to nationalize the banks and railroads and turn the country back to the people."

In Yakima Valley, center of the great fruit-growing region of the Northwest, we received our first taste of what fascism might bring to America. Townspeople spoke freely of the police chief's affiliation with the Silver Shirts. We saw a stockade, and learned that it was a concentration camp where recalcitrant migratory workers who refused to work under certain conditions and for wages set by the bosses were imprisoned without even the pretense of formal charges.

The food-stamp plan, started in July in Seattle, has already had a tremendous effect in spreading the popularity of the New Deal among the business men and farmers. Walking through the maze of stalls and small food shops in Seattle's great public market we heard farmers, merchants, and consumers all expressing the same opinion: "This is one of the finest things the Administration has done. It ought to be extended to all who don't make a decent living everywhere in the country." Over $200,000 in stamps had been sold in less than a month, and one of the largest merchants in the market remarked as he contemplated a huge stack of the orange and blue stamps: "Had they started this six months ago, Congress never could have cut relief."

Perhaps because of their nearness to foreign soil and their recent none too friendly contact with Japanese "fishing" fleets, the people of the Northwest seemed more alert to the international situation than most of those in other sections of the country. They spoke enthusiastically of Schwellenbach's resolution to embargo shipments to Japan. One young elevator operator said: "We know that they are not building that road from here to Alaska for the tourist trade. I don't want to send those fascists anything they can throw back at me in a couple of years." Popular support for an embargo on shipments to Japan is so great that when the Chinese organizations in Portland stopped the loading of scrap iron for Japan through mass picketing, a flagrant violation of Oregon's anti-picketing law, the District Attorney refused to prosecute the offenders, and their pictures were in every paper.

GEORGE WHITMAN, LILLIAN ROSOVSKY, HELEN ROSOVSKY, MEL FISKE, JOSEPH WERSHBA

On the Oregon Trail, September 18

[*This is the second of a series of letters from five college students who are examining America at first hand.*]

Pictorial Evidence Wanted

Dear Sirs: The American Committee for Anti-Nazi Literature announces a contest for amateurs for photographs exposing the Nazis in action and their ties with American fascist organizations. For each picture selected for publication, *Look* magazine will pay $10. Photographs are to be mailed to the committee at 20 Vesey street, New York.

WILLIAM E. DODD, JR., Chairman

New York, October 5

CONTRIBUTORS

EMIL LENGYEL, whose latest book, "The Danube," has just been published, was in Europe at the outbreak of the war.

FRITZ STERNBERG, a German economist now living in this country, is a frequent contributor to the *Army Journal* in England and the *Infantry Journal* in this country. He has recently completed a book, "From Nazi Sources: Germany's War Chances."

KENNETH MACNEAL, certified public accountant, is the author of "Truth in Accounting."

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CHRISTOPHER LAZARE is a frequent contributor to *The Nation.*

BABETTE DEUTSCH, poet and critic, will shortly publish a new volume of verse entitled "One Part Love."

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